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ABSTRACT

This guide explains how to design and implement financial work supports in order to improve family and child well-being. The information provided draws heavily from the study of these three programs that increased employment and earnings while improving employment stability, boosting income, and reducing poverty: Minnesota Family Investment Program, Canada's Self-Sufficiency Project, and Milwaukee's New Hope Project. An introduction covers why financial supports for work have been attempted and explains the organization of the guide. The remaining chapters are in these three sections: (1) The Promise of Making Work Pay (overview of work supports, three innovative programs, research findings); (2) Designing Financial Supports for Work (whether and how to target supports, providing supports inside or outside the welfare system, program cost and other budget issues, linking supports with other policies and services); and (3) Implementing Financial Supports for Work (promoting access to existing work support, overcoming barriers to participation, marketing and explaining work support, verifying employment and developing a payment system, staff training and interagency collaboration). Appendices include an estimated cost of refundable state earned income tax credits table, a state earned income disregard policies table, and projected costs and effects of various earnings disregards. There are a list of programs, organizations, and contact information; 29 references; a list of recent publications on MDRC projects; 13 boxes; and 3 tables. (MO)

How-to Guide

Technical
Assistance for
States and
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Making Work Pay

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**How to Design and
Implement Financial
Work Supports to
Improve Family and
Child Well-Being
and Reduce Poverty**

**Debbie Greenberger
Robert Anselmi**

MDRC

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**How to Design and
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**Debbie Greenberger
Robert Anselmi**

April 2003

MDRC

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Preface

The passage, in 1996, of the federal Personal Responsibility and Work Opportunity Reconciliation Act gave states latitude to make substantial changes in their welfare policies. The time limits and stricter work requirements that states imposed have received the greatest public attention, but the vast majority of states have also used their new freedom to change their "earnings disregard" policies, which allow welfare recipients to earn more even as they remain on the rolls. These changes have been designed to provide additional financial incentives to encourage work and to increase income for families in which the parent does work. Recent research has found strong support for the earnings supplements: The additional income not only encourages work; it also helps young children perform better in school.

States have increased welfare recipients' financial incentives to work in a variety of ways. Some allow welfare recipients to keep their entire welfare check while they remain on welfare, although most provide less generous incentives for shorter periods of time. Some states have introduced financial incentives outside the welfare system, through such policies as Earned Income Tax Credits, to avoid having recipients approach time limits faster by combining work and welfare. Some have introduced bonuses for welfare recipients who remain employed for a specified period of time. This guide summarizes the research evidence that supports the use of financial incentives, and it offers advice on the form financial incentives might take and how generous they might be made.

The information in this guide may be more important now than ever. When Congress reauthorizes the nation's welfare policy in 2003, it is likely to require even more recipients to work and require them to work more hours per week. The use of the policies described in this guide can help states meet the new goals as well as reduce poverty and benefit children. Although most states are suffering severe budget shortfalls as this guide is published, *Making Work Pay* discusses ways to make earning supplements more efficient and less costly. As the economy rebounds in the coming months and years — and state budgets recover accordingly — the guide will remain a useful resource for those who are thinking about how to use new funds to help families.

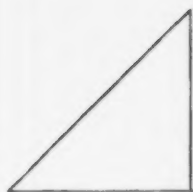
Gordon Berlin
Senior Vice President

Acknowledgments

This document builds on years of work of colleagues who led the pioneering studies of the Minnesota Family Investment Program, Canada's Self-Sufficiency Project (SSP), and the New Hope Project. Though they are too numerous to thank individually, they provided the insights that made this guide possible. We are indebted to them all.

For their unflagging support and guidance throughout the writing of this guide, we thank Gordon Berlin, Rob Ivry, and David Butler. They patiently shared their vision, expertise, and vast experience with a pair of novice authors. Tom Brock offered many insights about the implementation of New Hope and directed us to useful literature. Lisa Gennetian and Ginger Knox provided helpful guidance and materials. Susanna Gurr and Sheila Currie at the Social Research and Demonstration Corporation likewise provided guidance and materials related to SSP. Lynn Miyazaki retrieved documents that provided crucial information about the operational components of SSP, as well as concrete examples of program practices. Gordon Mermin's simulation work, which modeled likely results of alternative program options, added important concreteness to Appendix C. Special thanks are owed to Amy Brown for her thorough revision of the document, which has immeasurably improved our original manuscript, and to Charles Michalopoulos for putting the finishing touches on the text. Dina Berin and Lauren Cates coordinated the review process. Louis Richman supervised the editorial and production process, and Edward Rowe of the Rowe Design Group designed the layout and cover.

The Authors



I.

Introduction

1. Why Financial Supports for Work?

In the 1990s, welfare reform rose to the top of the policy agenda. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created a federal block grant to fund state welfare programs, established stricter work requirements, and placed a 60-month lifetime limit on the use of federal funds for cash benefits to welfare recipients. Although welfare rolls nationwide decreased sharply after 1996, many families who moved from welfare to work left for low-wage jobs and remained in poverty. In other words, states succeeded at increasing employment among welfare recipients, but not at reducing their poverty.

The past does not have to be prologue. Financial supports for work can change the equation by literally making work pay. They reinforce the welfare-to-work message while increasing family income, thereby achieving the dual goals described above. Perhaps most importantly, there is recent evidence that financial supports can have a range of positive effects on low-income families and their children.

Work supports are not an entirely new approach to policy for low-income families. Food stamps and the Earned Income Tax Credit (EITC) are two important work supports that have been around for several decades, although both are underused. Since the passage of Temporary Aid for Needy Families (TANF), the new time-limited federal welfare program that replaced the open-ended entitlement of Aid to Families with Dependent Children (AFDC), most states have also experimented with work supports, complementing the "sticks" of work requirements and time limits with "carrots" that encourage welfare recipients to get jobs and support them when they do. These supports include both financial payments and noncash benefits such as child care assistance and health insurance.

As with any policy or program, the devil is in the details: The intricacies of how work supports are designed and implemented can significantly alter their effectiveness. This guide draws upon the lessons MDRC has learned from rigorous evaluations it has conducted to help states improve existing programs, alter welfare programs to achieve new goals, and create an entirely new framework for supporting work. For states interested in improving family and child well-being and reducing poverty, this guide can serve as a useful road map to developing and implementing efficient and cost-effective programs that exploit the potential of financial work supports to achieve policy goals.

The lessons presented in this guide may be more important than ever. In 2003, the federal government must reauthorize the 1996 law, and President Bush has proposed that an even higher proportion of welfare recipients be required to work and to work more hours. New or revised earnings supplement programs will help ensure that families who go to work because of these changes are also better off financially.

2. About This Guide

This guide draws heavily from MDRC's extensive experience over the past decade designing and evaluating financial supports for work. While it seeks to mine useful information from many different programs, the knowledge it contains derives primarily from MDRC's direct study of three programs providing financial support for work: the Minnesota Family Investment Program (MFIP), Canada's Self-Sufficiency Project (SSP), and Milwaukee's New Hope Project. All three programs increased employment and earnings, while improving employment stability, boosting income, and reducing poverty. The information in this guide emerges from findings on the impact the programs made for participants and government, as well as from MDRC's investigation into how the programs were designed and implemented. Consequently, most of the suggestions offered in this guide are based on actual programs and the recommendations of real experts — the program administrators and line staff who developed these strategies through trial and error. Although most states have introduced new financial work supports in the last few years, few of those programs are as generous or as aggressively marketed as the ones MDRC studied.

Who the Guide Is For

This guide is intended to help policymakers and program administrators in states and localities that seek to design and implement financial work supports. Specifically, the guide addresses the interests and needs of four potential audiences:

- ▶ **States looking to increase participation in existing work supports.** These may include food stamps, the EITC, child care assistance, and publicly provided health insurance. Despite their benefits, all of these programs are underused, and this guide offers advice for increasing participation.
- ▶ **States interested in maximizing the benefits of their earnings supplement program.** Although most states have adopted or expanded an earned income disregard in the past several years, many states are not realizing the full potential of these policies. This guide offers advice on how to ensure that programs are effectively implemented and marketed.
- ▶ **States that want to develop more effective or differently targeted financial work supports.** For states that want to improve their work support policies, this guide explains how to design programs to achieve the greatest results. It also illustrates how financial work incentives can be structured to target different low-income populations and achieve a variety of policy goals.

- **States that want to develop a completely different strategy for supporting work.** For states that want to consider more fundamental change, this guide reviews the evidence MDRC has gathered from its study of innovative programs that moved beyond typical work support policies.

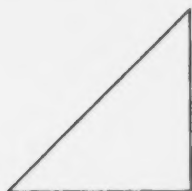
How the Guide Is Organized

The guide is structured to allow readers to turn quickly to the particular question or aspect of program design that is most relevant to their situation or role. The sections can be read independently, though there is frequently overlap among topics (cross-references are provided in these cases to help readers make connections to related information). Much of the material in the guide is presented in the form of bullet points and checklists. The bullets highlight topic areas and identify major points. Checklists provide specific suggestions for policymakers and program administrators.

Following this introduction, the guide is divided into three main parts:

- Part II provides a brief overview of the different types of work supports, describes the three programs evaluated by MDRC, and reviews the evidence that has emerged from evaluations of these programs.
- Part III discusses various policy options open to states for designing financial supports for work. The sections walk readers through key decisions and discuss the benefits and drawbacks of various program designs for realizing different political and social objectives. This part will probably be of most use to policymakers who want to weigh program design options.
- Part IV addresses some of the administrative and operational challenges of work supports, from marketing to developing automated payment systems. As much as possible, the guide draws from MDRC's research on program implementation, providing concrete examples of what worked in these programs. This part will be useful to administrators and staff responsible for implementing financial work supports.

This guide does not hold up a single program model as an ideal. Rather, its goal is to help policymakers understand how their priorities and objectives can be achieved through different program design options and to provide a foundation of operational knowledge and best practices that can smooth the process of program implementation. The guide cannot address the political, social, and fiscal constraints of each state or locality; it seeks, instead, to present what MDRC has learned in a way that conveys useful lessons and information for work supports anywhere.



II.

The Promise of Making Work Pay

Research has shown that well-designed and well-implemented welfare-to-work programs can increase employment and reduce welfare receipt but that only the most successful employment programs have reduced poverty, and then by only a small amount. Because wages for people with low levels of education and limited work experience were typically low, because welfare benefits were reduced when someone took a job, and because many welfare recipients worked even without the assistance of a welfare-to-work program, welfare recipients and their families were generally no better off having participated in a welfare-to-work program.

Financial supports for work can accomplish both goals. Rigorous evidence shows that supplementing earnings both encourages people to work and increases their income when they do. This part of the guide provides an overview of work supports and describes the research findings for different versions of work support policies.

3. An Overview of Work Supports

Programs that help low-income working families have existed for many years, and the flexibility available to states under federal TANF block grants has encouraged many states to expand existing programs and create new ones to support former welfare recipients and other low-income workers.

Financial supports for work include **broad-based supports** such as the Earned Income Tax Credit (EITC) and food stamps. These programs are administered outside the welfare system and are available to all low-income families who meet eligibility criteria. The EITC, in particular, is tied to work — the benefit is based on earned income reported on a tax return. The amount of the EITC rises as earnings increase up to a maximum of about \$10,000 for a family with two or more children in tax year 2001. The credit then plateaus until earnings reach about \$13,000, at which point the credit begins to decrease until it phases out completely at earnings of \$32,000 for the same family. The maximum federal credit in 2001 was \$4,008. A key design element of the EITC is that it is refundable; that is, if the credit exceeds taxes owed, the worker gets the remainder as additional money from the government.

The most common **financial work supports inside the welfare system** are earned income disregards. When welfare recipients go to work, a portion of their earnings are “disregarded,” or not included in their income for purposes of calculating welfare benefits. The families therefore may be eligible to continue receiving a supplemental welfare grant that is larger than it would otherwise be if their full earnings had been counted. (Table B lists each state’s earned income disregard policy as of January 2000.) In addition, many welfare programs offer financial assistance to offset work-related expenses, including transportation, clothing, and tools or equipment.

There are also a number of **nonfinancial work supports**, such as health insurance (through Medicaid or the Children’s Health Insurance Program [CHIP])

and subsidized child care. Though these supports are not in the form of cash income to the family, they reduce the costs of going to work and often make a crucial difference in allowing a parent to get or retain a job.

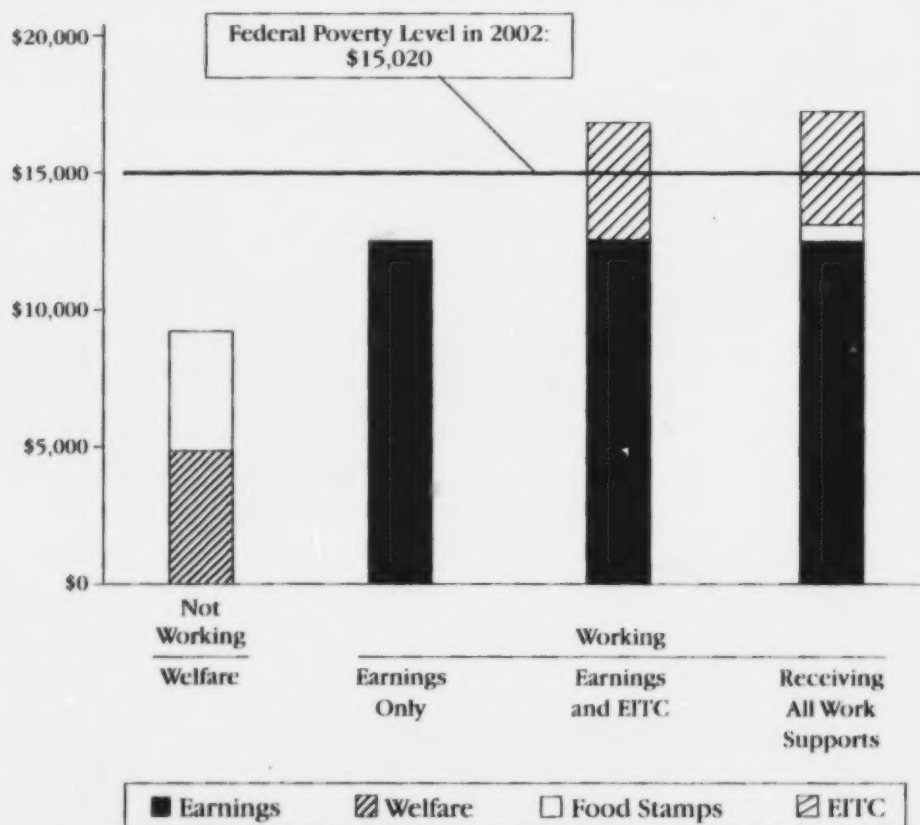
The Effect of Work Supports

Work supports can fundamentally change the income calculus for low-wage work, and in many cases can lift families out of poverty. Furthermore, as discussed in section 5, recent research suggests that increasing family income can increase rates of job retention and improve family and child outcomes, including school performance among elementary-school-aged children.

Box 1 shows how work supports can increase the income for a single mother of two in Maryland, a state that falls in the broad middle range of welfare

Box 1

Annual Gross Income of a Single Parent with Two Children Working Full Time, Full Year at \$6 per Hour in Maryland



SOURCES: Manpower Demonstration Research Corporation, 2002; U.S. House of Representatives, Committee on Ways and Means, 2000.

payments nationally. Working full time, year-round at \$6 per hour, her earnings are \$12,480 — well below the poverty level of \$15,020. (Because most low-income single parents do not work full time year-round, this can be considered a “best case” scenario.) However, the addition of the federal EITC and food stamps effectively raises her income to more than \$17,000. Work supports can obviously be worth a substantial amount to low-wage workers and their families.

Despite their potential impact, existing work supports are greatly underused. The EITC has the highest participation rate, estimated at 75 percent of those eligible.¹ Participation among eligible working families in the Medicaid and Food Stamp programs is significantly lower. Of all Medicaid-eligible adults, only 51.4 percent are enrolled in the program (just over one-third of eligible welfare leavers receive Medicaid),² and only 41 percent of low-wage workers who are eligible for food stamps receive them.³ Best estimates by experts in the field indicate that a minority of potentially eligible families participate in federally subsidized child care programs, in part because many states have not allocated enough funds to subsidize all eligible families (and in large part because many of the families not receiving subsidies also do not pay for child care). Furthermore, many working families continue to be eligible for welfare benefits through TANF earnings supplements, yet experts indicate that many of these families do not receive them. (Section 10 discusses some reasons for the underutilization of work supports and offers suggestions for promoting their use.)

TANF regulations open other avenues to support poor working families. If properly structured, such payments as refundable tax credits, child care subsidies, and periodic bonus payments to reward job retention or to meet work expenses and Individual Development Accounts (IDA) to promote savings could help the working poor without being considered “assistance” under TANF. As such, they would not count against the federal five-year time limit.

4. Three Innovative Programs

In the 1990s, while the fight against dependency swept the country, a community-based coalition in Milwaukee, Wisconsin; the governor and state legislature of Minnesota; and the Canadian government, in partnership with the provinces of British Columbia and New Brunswick, went against the grain. They were as concerned about poverty reduction and the problem of stagnant earnings among low-skilled workers as they were about welfare dependency. The initiatives they developed — New Hope, MFIP, and SSP, respectively — were all designed to increase the payoff from low-wage work through earnings supplements. In brief, the programs worked as follows:

1. U.S. General Accounting Office, 2001; Scholz, 1994.

2. Davidoff, Garrett, and Yemane, 2001; Garrett and Holahan, 2000.

3. Cunningham, 2002; U.S. Department of Agriculture, 2001.

- ▶ **Milwaukee's New Hope Project** was a community initiative designed to test a comprehensive set of financial and other supports for low-income individuals who worked full time. To be eligible, individuals had to live in one of two inner-city neighborhoods, be age 18 or older, work at least 30 hours a week, and have a household income no higher than 150 percent of the federal poverty level. Participation was voluntary, and people could remain in New Hope for up to three years. New Hope's package of supports included (1) a monthly earnings supplement, which, when combined with the federal and state EITCs, raised most low-wage workers' income above the poverty level; (2) subsidized health insurance and child care, which gradually phased out as earnings rose; and (3) help in obtaining a job or, for people who could not find jobs in the open labor market, access to temporary minimum-wage community service jobs. New Hope operated between 1994 and 1998; and because it was independent of the Wisconsin welfare system, welfare eligibility was unaffected by enrollment in the program (although earnings and supplement payments did count as income when welfare eligibility and benefits were calculated).
- ▶ **The Minnesota Family Investment Program (MFIP)** used the welfare system to reward work by changing the way the system treated earned income. First, MFIP increased basic benefits by up to 20 percent for those who worked. Second, it significantly increased the earned income disregard, reducing benefits by only 62 cents for every dollar earned, instead of dollar-for-dollar, as was customary. Finally, MFIP required long-term welfare recipients who were not working or working less than 30 hours a week to participate in employment-focused services designed to help them find full-time jobs. While MFIP's rules encouraged full-time work, the program allowed part-time work and actually rewarded it by providing a relatively larger incentive payment. MFIP participants could continue to receive benefits as long as they continued to meet income eligibility criteria. Originally operated as a pilot program, MFIP became Minnesota's statewide welfare program in 1998, although it was modified to include less generous financial incentives, made participation in welfare-to-work services mandatory for more of the caseload, and provided fewer opportunities for education and training.
- ▶ **Canada's Self-Sufficiency Project (SSP)** was a demonstration designed to test a work-based alternative to welfare that paid a substantial monthly earnings supplement to long-term, single-parent welfare recipients who left welfare for full-time work. Sponsored by the Canadian government, SSP was operated between 1992 and 1999 by private agencies outside the welfare system in Vancouver, British Columbia, and parts of New Brunswick. Participation was voluntary, but eligible individuals had to have been on welfare for at least one year, and they could not receive

welfare benefits and work supplements at the same time. SSP's monthly earnings supplement was paid on top of earnings from employment for up to three years, provided individuals receiving the supplement worked full time and remained off welfare. Parents who left welfare to enroll in SSP were usually better off by between \$3,000 and \$7,000 a year than they would have been by working the same amount and remaining on Income Assistance. A smaller demonstration tested the value of adding employment services to the incentive.

In short, all three programs were designed to reward people when they worked and to increase the payoff from low-wage work. While they all had similar goals, however, the three programs also illustrate the range of design options available. For example, SSP and New Hope rewarded only full-time work, while MFIP rewarded both full-time and part-time work. New Hope was available to everyone in the targeted neighborhoods, while MFIP and SSP were available only to welfare recipients. Only single-parent families were eligible for SSP, while both single-parent and two-parent families were eligible for MFIP and New Hope. SSP and New Hope operated outside the welfare system, while MFIP was administered within the welfare system.

5. Research Findings

Findings that have emerged from MDRC's study of New Hope, MFIP, and SSP constitute the first comprehensive body of evidence about financial work supports and their effects on employment, welfare, poverty, and the well-being of children and families.⁴ Following is a brief summary:

- **Employment, earnings, and income all rose, while poverty declined for single-parent, long-term welfare recipients in MFIP and SSP.** Families in MFIP were 35 percent more likely to work, and their earnings were 23 percent higher, on average, than those of families in a control group. MFIP families also enjoyed 15 percent higher incomes (calculated as earnings plus welfare benefits) and a 12 percent lower poverty rate. At its peak, SSP doubled full-time employment, and the average member of the program group had about \$2,000 more in yearly income than the average member of the control group.
- **The programs produced improvements in family functioning and outcomes for children.** In MFIP, making work pay reduced domestic violence by 18 percent. In addition, MFIP's incentives-only model produced significant declines in depression. (The relationship between

4. These findings are drawn from a number of reports, including Berlin (2000), Michalopoulos et al. (2002), Michalopoulos and Hoy (2001), Morris and Michalopoulos (2000), Michalopoulos and Berlin (2001), Miller et al. (2000), Bos et al. (1999), Bloom et al. (1998), Bloom et al. (2000), and Bloom et al. (2002).

income supplements and the incidence of domestic violence or depression was not measured in SSP.) Both MFIP and SSP improved outcomes for children between the ages of 5 and 11. New Hope also produced positive effects for children. There was some suggestion that less supervision led to more adolescent experimentation with alcohol and marijuana, and an increase in delinquent behavior. However, a number of welfare-to-work programs without financial incentives have been found to have detrimental effects for adolescents. The negative effects appear likely to be a product of parents' employment rather than financial supports.

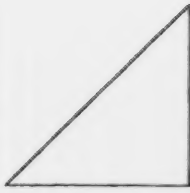
- **The programs were less consistently effective for welfare applicants.** For new welfare applicants in MFIP, employment was modestly higher, earnings were unchanged or lower, income was usually higher, and effects on family functioning and children were mixed.
- **Financial work supports caused the most employable participants to cut back on work hours as their income increased.** In New Hope, program group members who were working full time at random assignment worked 150 fewer hours during the first year of follow-up (or almost three fewer hours per week) than their control group counterparts. With no work requirement, MFIP's incentives alone increased employment but not earnings, suggesting that some people cut back their work effort because of the incentive. Because SSP and New Hope had full-time work requirements, cutbacks were limited to overtime hours, and reductions in overtime probably benefited families in other ways.

These research findings illustrate that financial work supports can accomplish goals that have traditionally seemed incompatible: increasing both employment and family income. Furthermore, the increased income can lead to additional positive results, such as reductions in domestic violence and depression, increased marital stability, and improvements in child behavior and learning.

Box 2

Why Are These Findings So Reliable?

New Hope, MFIP, and SSP were all evaluated using a random assignment research design, in which participants are randomly assigned by computer to either a program group (which is eligible for the special program) or a control group (which is not). Random assignment, thus, creates two groups that do not differ systematically in either measurable or immeasurable ways on key background characteristics — for example, in terms of levels of education, employment, welfare history, and motivation to work. For this reason, any subsequent differences that emerge between them — for example, in employment or income — can safely be called an effect, or “impact,” of the program.



III.

Designing Financial Supports for Work

States or localities interested in adopting or expanding financial work supports face a number of key design questions, including:

- ▶ Who will be eligible for the supports? (See section 6.)
- ▶ Will part-time as well as full-time work be supported? (See section 6.)
- ▶ Will the supports be provided inside or outside the welfare system? (See section 7.)
- ▶ How generous will the supports be? (See section 8.)
- ▶ How long will supports last and how will they be phased out? (See section 8.)
- ▶ How will supports and welfare time limits interact? (See section 9.)
- ▶ What other services or requirements will be linked with work supports? (See section 9.)

The specific approach chosen will depend on budget constraints, political realities, and social policy goals. The following sections provide information and examples to help policymakers develop answers to the questions listed above that make sense for their particular situation.

6. Whether — and How — to Target Supports

All incentive program designs require that trade-offs be made, and this is especially true of the decision whether or not to target incentives. (See Box 3.) A narrowly targeted program will restrict eligibility to fewer people and cost less than a broadly available one, and it will be more efficient if it identifies people who are least likely to go to work or retain employment without the supports. Targeting a program narrowly, however, raises important equity issues that can be problematic both politically and philosophically, if it results in two workers' having identical low-wage jobs but being eligible for different supports.

If the goal is to reduce poverty among a wide range of families, a broadly based program might be appropriate. The federal EITC, for example, was claimed by more than 19 million families in 2000, and the tax credit helped lift nearly a quarter of these families out of poverty. Only a small fraction of parents in families claiming the credit went to work because of the EITC, however, so broad-based programs might be inappropriate if the primary goal is to encourage parents to work.¹

1. Meyer and Rosenbaum (2000) suggest that expansion of the EITC between 1984 and 1996 encouraged approximately 800,000 single mothers to go to work. Eissa and Hoynes (1998) found that it neither substantially encouraged nor discouraged work among married parents.

Box 3

Deciding Whether to Target Financial Work Supports

A broad-based program makes sense if you:

- Want to support all low-income working families
- Are primarily concerned with poverty and child well-being
- Are concerned about issues of equity and fairness

A more narrowly targeted program makes sense if you:

- Want to encourage people to enter the workforce
- Are primarily concerned about welfare recipients
- Face fiscal constraints that limit your options

Targeting Options

Financial work supports can be targeted to:

- ▶ All low-income working families
- ▶ Low-income workers in a particular geographical area
- ▶ Only welfare recipients or former welfare recipients
- ▶ Only long-term welfare recipients

Policymakers interested in targeting work supports can do so in a number of ways. Taking a **geographically targeted** approach like that taken in the New Hope project — it was made available to all low-income workers in two Milwaukee neighborhoods — can be a useful way to test a pilot program, permitting broad-based eligibility while controlling costs. Targeting neighborhoods that are characterized by extremely high poverty rates or high levels of welfare receipt might offer unique opportunities to pair work supports with other local initiatives aimed, for example, at public housing residents of public housing projects or those living in Empowerment Zones.

Because work supports have often been linked with welfare reform, the most common method for targeting work supports is to limit eligibility to **welfare recipients**. Further limiting eligibility to **long-term welfare recipients** can reduce the program's costs and increase its benefits even more, since longer-term recipients are less likely than recent welfare applicants to leave welfare for work without the supplement. Furthermore, limiting work supports to welfare recipients can help allay the risk that low-wage workers might choose

to apply for welfare in order to receive the supplement. Although research has produced no evidence to support this concern, it may nevertheless be a political issue.²

Setting Hours Requirements

Another consideration when targeting work supports is deciding how many hours of work will be required before a potential recipient is eligible to receive a supplement. For some parents — especially those who face barriers to employment, such as physical or mental health problems — only part-time work may be possible. For others — people with little work experience, for example, or parents with young children — part-time work might be a good first step into the workplace. Providing a financial supplement for part-time work can encourage those not working at all to accept jobs that would help them develop skills and demonstrate the financial benefits of working. However, a financial supplement for part-time work might encourage some individuals who would have worked full time to curtail their work effort.

Supplementing only full-time work costs less, ensures that parents benefiting from the supplement rely primarily on their own earnings, and encourages those who are already working part time to increase their hours. Full-time jobs may also provide fringe benefits, including sick leave and health insurance. Furthermore, research has shown that the wages of full-time workers grow faster than those of people who work only part time.³

But how many hours of work must a potential supplement recipient put in to qualify as working full time? The New Hope and SSP programs set just 30 hours of employment per week as meeting the full-time work requirement. The program designers reasoned that the types of jobs available to participants would often fall short of a conventional 35-hour workweek and that the entry-level jobs that participants generally took would likely be characterized by unstable schedules, with hours on the job fluctuating from week to week. Setting a slightly lower hourly requirement allows for this variability without causing participants to move in and out of eligibility.

7. Providing Supports Inside or Outside the Welfare System

An important early decision a program designer or administrator must make is whether to provide the financial work supports through the existing welfare system or outside it. Again, there are offsetting advantages and disadvantages with either choice. In the three programs examined by MDRC, MFIP adminis-

2. Limiting eligibility to long-term recipients should further reduce this likelihood. A sub-study within SSP found that few new welfare recipients would stay on welfare an entire year simply to become eligible to receive the program's earnings supplement (Michalopoulos and Hoy, 2001).

3. Gladden and Taber (1999); Corcoran and Loeb (1999).

tered the supports through the welfare system, and SSP and New Hope made their work supports independent of the existing welfare structure — establishing a private system in the case of SSP, and relying on a community organization in New Hope.

Financial supports offered **inside the welfare system** generally take the form of expanded earned income disregards (as was case in MFIP). The disregards allow welfare recipients who work to continue receiving partial cash payments to supplement their earnings. The current use of disregards to augment earnings stands in sharp contrast with the rules of the pre-1996 welfare program, Aid to Families with Dependent Children (AFDC). Under AFDC rules, a welfare recipient would have her monthly welfare grant reduced by one dollar for each dollar she earned beyond \$120 per month, after a four-month grace period; every dollar earned after the first \$90 reduced the monthly welfare grant by one dollar after one year. Post-1996 TANF rules on earnings disregards are far more flexible. The amount of the supplement, the complexity of how it is calculated, the rate at which welfare benefits decline as earnings rise, and the point at which welfare benefits terminate completely can all vary based on the program's budget and design. Not surprisingly, earnings disregards differ widely from state to state, as can be seen in Table B, which lists each state's approach as of January 2000.

Other options for financial supports within the welfare system include fixed monthly supplements based on hours worked or lump sum "bonus" payments to reward employment and recognize job retention milestones. Box 4 describes the trade-offs of providing financial supports for work within the welfare system.

Box 4

Financial Supports Offered Inside the Welfare System

Advantages

- ▶ Can be implemented within the existing administrative structure of the welfare system.
- ▶ Provide a positive balance to work requirements and other welfare-to-work policies.
- ▶ Facilitate the provision of transitional benefits, including child care and health insurance, because families retain contact with the welfare system when they move to work.

Disadvantages

- ▶ Reach fewer families in low-grant states, where income from work quickly outpaces welfare benefits.
- ▶ Complicate the message most welfare agencies have adopted to encourage recipients to leave the welfare rolls.
- ▶ Raise time-limit concerns if supports keep some people on welfare longer than they otherwise would have been.
- ▶ May discourage eligible families from accessing supports because of the stigma of welfare.

Financial supports offered **outside the welfare system** can be designed in a number of ways, though the most common approach is the adoption of a state earned income tax credit (EITC) on top of the long-established federal earned income credit. Like the federal EITC and now available in 17 states, state EITCs supplement the earnings of all working-poor families, including both those transitioning off welfare and those who never received welfare. State EITCs operate through the existing state income tax system, making them generally easy to implement. And like the federal EITC, most states provide a refundable credit that gradually phases out as income approaches a ceiling. (For obvious reasons, state EITCs are impractical in the nine states without a state income tax.) The simplest way states have found to establish an EITC (and 16 states follow this approach) is to peg the state credit as a fixed percentage of the federal EITC. Thus, Kansas's EITC is set at 10 percent of the federal credit, while Vermont's is a more generous 32 percent.

Most states' credits, like the federal EITC, are refundable, so that if the amount of the credit exceeds what the filer owes in taxes, the filer is refunded the difference. Five states have structured their credit to be nonrefundable so that a family can receive no more from the credit than they paid in income taxes. This costs less but does not help the poorest families who owe no taxes. (Note, too, that TANF funds may be used to finance only the refundable portion of a state EITC, a topic that is discussed in section 8.) For states considering adoption of a state EITC, Table A details the estimated costs.

In the New Hope program, the supplement was available to people earning below 200 percent of the poverty line and structured like the EITC but was administered by a local community organization established to run the program. As with the EITC, the supplement phased in, gradually increasing as earnings increased up to a maximum, after which it was phased out. For every \$1 in earnings in the phase-in range, a full-time worker's income increased by \$1.25 to a maximum supplement of \$2,125 when annual earnings reached \$8,500. The phase-out was slightly less steep, with each dollar of earnings above \$8,500 decreasing the supplement by 20 cents and ending completely when a recipient's earnings reached \$20,000 annually. The supplement, combined with the EITC, raised most participants' annual household income above the poverty line.

The trade-offs of providing financial supports for work outside the welfare system are described in Box 5.

SSP's supplement was offered inside the welfare system in some respects and outside the system in other respects. Only long-term welfare recipients were eligible, and SSP operated outside of the welfare system. The size of the supplement for which a recipient qualified was half the difference between the recipient's earnings and a benchmark amount, which, in turn, was set at a level that would make full-time work pay better than welfare for most recipients. To equalize the supplements in the two regions — British Columbia and New Brunswick — where SSP was run, separate benchmarks were created for each, and the benchmark amounts were adjusted for inflation. During SSP's first year

Box 5

Financial Supports Offered Outside the Welfare System**Advantages**

- ▶ Avoid the stigma of welfare, thereby encouraging participation.
- ▶ Can be designed to serve a target group or be broadly available to all low-income workers.
- ▶ No conflicts with time-limit clocks or other welfare policies.

Disadvantages

- ▶ May require a new administrative structure.
- ▶ Extensive outreach is required to inform eligible families of the supports.
- ▶ Extra steps must be taken to help families access transitional benefits, which can be lost in the move off welfare.

of operations, the benchmark was approximately \$27,750 in British Columbia and \$22,500 in New Brunswick (in U.S. dollars).⁴ Lacking a supplement, the income of a participant working 35 hours a week and earning \$5.25 an hour would total \$9,555 annually. If she lived in British Columbia, her annual supplement payment would be half the difference between \$27,750 and \$9,555, or about \$9,100 — almost \$760 a month — nearly doubling her earnings.

8. Program Cost and Other Budget Issues

How much does a financial support for work cost? The answer depends on how generous the supplement is and the extent to which it is targeted. None of the programs studied by MDRC were inexpensive, but their costs did vary considerably, mostly due to targeting. (See Box 6 for a summary of the three programs' costs.) SSP, which was available only to welfare recipients who worked full time, cost less than MFIP, which supplemented both full-time and part-time work.⁵ MFIP, in turn, cost less than New Hope, which was offered to all low-income workers in the two Milwaukee neighborhoods it served.

The appendices to this guide can help state program administrators interested in estimating the costs of developing their own financial work supports. Table A presents estimates, by state, of the cost of enacting a state EITC pegged at various percentages of the federal credit and based on projected federal EITC claims. Table B provides information about state earned income disregard policies as of January 2000. And Appendix C provides detailed information for calculating the cost and projected impact of various earned income disregards, based on past research on the effects of these policies.

4. Amounts listed in U.S. dollars use an exchange rate of \$1 Canadian = \$0.75 U.S.

5. Another reason why MFIP was more expensive was that Medicaid outlays accounted for a substantial portion of its total cost. By contrast, SSP participants had access to Canada's less costly national health insurance program.

Box 6

Costs of the Three Work Support Programs

- ▶ **SSP:** Over a five-year period, government agencies spent about \$1,150 more per family administering SSP than they would have spent running the traditional welfare program and nearly \$2,400 more on transfer payments. But they recouped \$1,300 of these costs through higher income and payroll taxes.
- ▶ **MFIP single-parent, long-term recipients:** For each participating family headed by an urban single-parent, long-term recipient, government agencies, over a five-year period, spent \$800 on employment and training services; \$3,200 on transfer payments, including public health insurance, and about another \$700 to administer them; nearly \$1,000 for support services, such as child care; and another \$1,000 on taxes and state and federal EITCs.
MFIP single-parent, recent applicants: For each participating family headed by an urban single parent who was a recent program applicant, government agencies, over a five-year period, spent about \$7,600 on transfer programs and support services, a little more than \$100 on employment and training services, and another \$400 on taxes and tax credits.
MFIP two-parent families: For each participating two-parent family, government agencies, over a five-year period, spent about \$17,000 on transfer programs and support services, \$600 for employment and training services, and another \$1,500 on taxes and tax credits.
- ▶ **New Hope:** Over a two-year period, New Hope spent \$9,057 per family, including \$3,258 to administer the program, \$4,854 on transfer programs that included health insurance and child care (over and above what families would have received without New Hope), and \$945 for community service jobs. In addition, families received \$63 more, on average, from the EITC than they paid in income and payroll taxes.

Here, another trade-off must be faced. Programs that are likely to benefit children are costly, since supplements must help raise a parent-recipient's total family income sufficiently for the positive effects described in section 5 to result. Of course, the level to which income needs to be increased to make a difference in child well-being may vary in areas with different costs of living and other economic and geographic variables. MDRC studies found that programs that showed beneficial child effects increased income between \$885 and \$1,400 annually; yet only the most generous welfare earnings disregards approach these levels.

More generous work supplements appear to generate larger effects than less generous ones. SSP offered a more generous financial incentive than MFIP

and New Hope, and it was the most effective at increasing employment. Vermont's Welfare Restructuring Project, by contrast, provided a very modest incentive, and it encouraged few people to work.⁶

Funding Supports for Work

An important lesson from MFIP's implementation is that the commitment of resources by the state helped the program succeed. From the first requests for funding submitted to the state legislature, the program's planners emphasized that MFIP would not cost less than the current welfare system and would, in fact, require significant amounts of additional funding. The extra resources enabled the program to, among other things, lower caseloads to account for the increased time staff had to spend marketing the supplements and verifying income for working participants. Additional staff were also hired to provide guidance and technical assistance to counties implementing the program, which in turn ensured that state-level policies and practices reflected operational and implementation realities at the county level.

Financial supports for work can be funded from a number of sources:

- ▶ **State general funds.** General funds have typically been used to finance state EITCs (and the same funding source used by states for most other tax cuts). In some cases, revenues, such as proceeds from a sales tax increase or other tax, may be earmarked for work supports. In this way, an expanded EITC can offset the effects of the tax on low-income families.
- ▶ **Federal TANF funds.** The most common funding source for earned income disregards is TANF funds. Federal block grant funds can be used for this purpose with few restrictions, and can provide assistance to families up to 200 percent of the poverty level. Be aware, however, that federal time limits and work requirements apply to TANF funds used for earnings disregards within the welfare system. TANF funds used to supplement wages outside of the welfare system are not subject to time limits and work requirements. States can also use TANF funds to help with work expenses, so long as they are not designed to meet a family's basic needs. (See Box 7.)
- ▶ **State maintenance-of-effort funds.** Under TANF, states are required to spend a portion of their own funds on related programs. State spending for supplements can count toward maintenance-of-effort (MOE) requirements without being subject to federal time limits or work requirements. Some states have unused MOE funds, which could be used for this purpose. MOE funds can also be used for noncash work supports, such as child care subsidies, and payments such as job retention bonuses and reimbursement for work expenses.

6. Scrivener et al., 2002.

Box 7**Using TANF Funds for a State EITC**

Federal TANF funds and state maintenance-of-effort funds offer an opportunity for states to create or expand Earned Income Tax Credits that piggyback on the federal EITC. States should be aware, however, that these funds can be used only to finance the refundable portion of an EITC — that is, the part of the credit that exceeds any tax liability owed by the family. Furthermore, although many states initially found themselves with large unused amounts of TANF funding, surpluses have shrunk, and block grant formulas may change in the future as Congress approaches reauthorization of TANF. States concerned about maintaining state EITCs in the future may wish to identify more stable funding sources.

Phasing Out Work Supports

Once states have implemented some form of work supports, the question arises: How long should they last? There is a clear trade-off to be made. Shorter programs are less expensive, but longer programs have a greater likelihood of improving child outcomes. MDRC's studies did not find a clear threshold for how long work supports must be available for children to benefit. The programs that were shown to be effective, however, were available for at least three years.

Both SSP and New Hope were temporary programs designed to make work pay during the transitional years, when recipients first take jobs and their low earnings result in lost income from their having gone to work. Given the reality of the labor market, states may want to continue providing supplements as long as family income remains low, especially if poverty reduction and child well-being are primary goals. Research has shown that former welfare recipients continue to earn very low wages even after years of steady employment.

Work supports frequently exist within the welfare system and are therefore constrained by time limits, unless a state chooses to "stop the clock" for working families (as described in section 9). Thus, the maximum period of incentive receipt would be five years over a recipient's lifetime. In fact, few people would receive the incentive for that long, because the time limit assumes employment immediately after getting on welfare and remaining eligible for welfare even after five years of employment. States that are interested in implementing a more permanent earnings supplement should consider supports outside the welfare system, such as state EITCs, which are not time-limited.

9. Linking Supports with Other Policies and Services

Financial supports for work are closely related to other policies and programs for low-income families. In particular, program designers should consider how the supports would interact with:

- ▶ Time limits
- ▶ Work requirements
- ▶ Postemployment services

Time Limits

Time limits and work supports within the welfare system set up a fundamental conflict: Each month that a recipient combines work and welfare generally counts as one month toward her time limit. Policies that mix time limits and work supports virtually guarantee that a substantial number of people who take jobs will exhaust their months sooner than they otherwise would have. These families will then have no welfare system to fall back on if they later lose their jobs for whatever reason.

The simplest way to address this conflict is to structure work supports outside the welfare system, so that receipt of a supplement has no bearing on welfare time limits. Another option is to design policies that "stop the clock," such that a month where a recipient is working and receiving the incentive does not count toward the federal 60-month lifetime limit or a shorter state time limit, if there is one. States can use maintenance-of-effort funds (described in section 8) to create a separately financed program either outside of or within TANF for working recipients. Structuring the separate program within TANF allows working welfare recipients to count toward the state's work participation rate.

This strategy is used by Illinois. For welfare recipients who work at least 30 hours a week, work supplements (paid via welfare-based earned income disregards) do not count against the federal time limit. The state accomplished this by segregating federal and state funds in separate pots and then using the state funds to provide TANF assistance and supplement payments to working families. These working families are still part of the state's TANF program, but the months of assistance do not count against the 60-month time limit. For them, the clock is not ticking.

A state interested in pursuing this approach has several options:

1. Like Illinois, it can use segregated state funds to pay earnings supplements within the TANF program, allowing families to remain part of the state's caseload without counting those months against the federal time limit.

2. The state can use federal or state funds under the nonassistance ("work assistance") category, in which case the families are not part of the TANF assistance caseload and months do not count against federal time limits.
3. The state can provide a benefit that would fall within the definition of assistance but fund it with state dollars in a separate state program, so that the affected families do not receive any TANF assistance.

Work Requirements

Providing or requiring employment assistance can enhance the effectiveness of work supports. In SSP, almost two-thirds of the sample never received an earnings supplement. According to surveys, many were unable to find a job, feeling that they did not have enough skills or experience. A small study called SSP Plus combined the SSP earnings supplement with voluntary employment-related services (such as job search assistance, résumé preparation and interview skills, and short-term education and skills training), which can help potential participants overcome obstacles to work. Adding the voluntary employment services increased to 50 percent the share of welfare recipients who ever received an earnings supplement.

MFIP also included a special study in which long-term welfare recipients were offered the program's earnings supplement but were not required to participate in welfare-to-work services. The incentives alone had much smaller effects on employment than the full MFIP program and had virtually no effect on earnings. In other words, the work requirement helped many families go to work and take advantage of the program's work supports.

Postemployment Services

As noted above, combining financial supports with employment assistance greatly increased the number of people who moved to work in SSP and MFIP. New employment among welfare recipients is often followed by rapid job loss or a switch to part-time work, however. This underscores the importance of offering postemployment services to promote job retention and advancement.⁷

In particular, postemployment services offered in combination with financial work supports should be cognizant of the timetable for supports, whether they are time-limited or phase out as income grows. With this in mind, services should:

- **Help workers stay employed.** Low wages, limited support networks, the stresses of single parenthood, and a tenuous connection to the workforce all contribute to low retention rates among recently employed welfare recipients. Financial supports themselves go a long way toward helping low-income workers maintain employment by easing some of the financial pressures they face. Other services — such as counseling,

7. For more on job retention and advancement services, see Strawn and Martinson (2000).

budgeting assistance, identifying reliable child care, and ongoing skills training — can further promote job retention. Perhaps most importantly, programs should ensure that workers receive all the other work supports available to them, including food stamps, health coverage, and child care subsidies. In addition, a common reason for job loss is that emergency or unexpected expenses may simply push a worker back toward reliance on welfare. Programs may want to create funds to provide one-time emergency assistance for participants.

- ▶ **Focus on job advancement.** Most policymakers view work supports as a temporary measure, until workers can move up the ladder into higher-paying jobs. And yet research shows that low-income workers typically stay in low-wage jobs even when they work continuously for several years. Policymakers should consider ways to support low-income workers, while helping them advance to better jobs.
- ▶ **Help participants budget their income.** Even though participants may be better off financially once they are working, budgeting may become more complicated due to changes in payment schedules, added work-related expenses, and changed expectations. SSP offered participants three workshops focused on budgeting and life skills (see Box 8). The workshops were designed to address clients' needs and concerns at each major transition point in the program.

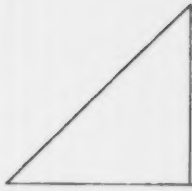
Box 8

SSP's Money Management Workshops

Money Matters 1 was held within one month of a client's being assigned to the earnings supplement-eligible group. The workshop helped participants calculate their approximate supplement at different wage levels, and it demonstrated the potential impact of the supplement on participants' earnings and lifestyle, based on their expenses and ability to budget and manage their money.

Money Matters 2 was offered to participants within three months of taking up the supplement. The workshop, called "Conquering the Chaos," was intended to "honestly describe the hectic lifestyle of the working single parent," and it focused on how working may affect the children of participants, their attitude, their career opportunities, and their ability to save.

Money Matters 3 was offered to supplement takers six months before the end of the three-year supplement period. Designed to prepare participants for "life after the supplement," the workshop aimed to help them cope with the loss of the significant income that the supplement represented and to facilitate their efforts to acquire services that would continue to support their ability to work.



IV.

Implementing Financial Supports for Work

MFIP, SSP, and New Hope all met the challenges of developing effective methods to market the program and encourage participation, of training staff to deliver the services and benefits, and of creating or adapting complex administrative structures that could efficiently and accurately verify employment and processed benefits claims. This section relies primarily on MDRC's extensive research on the three programs' implementation to draw lessons for welfare agencies and other organizations seeking to implement their own financial work incentive programs.

10. Promoting Access to Existing Work Supports

In addition to any supplement provided, programs serving low-income workers should ensure that families receive *all* the supports available to them, both through the program and more generally. Four primary supports are available to low-income workers:

- ▶ The federal Earned Income Tax Credit (and any state EITC, if applicable);¹
- ▶ Food stamps;
- ▶ Health insurance, including transitional Medicaid, Medicaid, and the Children's Health Insurance Program (CHIP);
- ▶ Child care subsidies, including transitional child care and other state and local programs.²

As noted in section 3, transitional benefits and other supports for work are greatly underused for a number of reasons. The supports have traditionally not been heavily marketed to the working poor. Administrative complications cause many families to lose benefits, such as food stamps, when they move from welfare to work.³ Some potential recipients might view some benefits as welfare in a different form with all of its associated stigma. Others might view the process of establishing and maintaining eligibility as requiring more effort than the benefits are worth.

All three programs highlighted in this guide helped participants access other benefits — especially New Hope, which had an explicit goal of raising family income above the poverty line. In addition to providing health insurance access and child care assistance, the New Hope supplement was specifically designed to operate in conjunction with the federal EITC and Wisconsin's state EITC.

1. The Center on Budget and Policy Priorities has developed a comprehensive information and marketing package for the federal EITC that can be found at <http://www.cbpp.org/eic2002/index.html>.

2. Unlike the other benefits listed here, child care subsidies are denied to some eligible families in most states because the system does not have enough funds to serve them all.

3. For suggestions on how to increase the use of transitional benefits for individuals moving from welfare to work, see Brown (2001).

To increase their monthly income, participants were encouraged to take advantage of the advance EITC option, enabling them to receive a portion of their credit with each paycheck rather than receiving the entire amount as a lump sum at tax time.

The following strategies can help increase participation in existing supports for work:

- ✓ **Conduct research to understand the local context.** An effective marketing and outreach campaign must include information on where eligible families can be reached. Community maps should be produced that identify demographic characteristics and pinpoint sites — such as schools, churches, and libraries — where information can be disseminated and enrollment assistance can be provided.
- ✓ **Develop partnerships to distribute information, publicize the benefits, and help enroll families.** Partners can include community organizations and social service providers, businesses and business associations, public utilities, the faith community, child care centers, economic development groups, legal services organizations, unemployment offices, and local media. Maryland's Department of Human Resources engages a part-time staff person at a nonprofit agency to coordinate and build partnerships for its EITC campaign. Washington State staffs a full-time position dedicated to educating organizations and employers about the EITC. The state even helps employers adjust their payroll systems to accommodate advance EITC payments.
- ✓ **Saturate the community with information about work supports.** Outreach efforts are needed to ensure that low-income families know they may be eligible for work supports. These include public campaigns using a variety of media (such as radio, television, bus ads, and community newspapers), targeted mailings (to former welfare recipients, for example, or to clients of other state or local programs that serve working-poor families), and dissemination of posters and flyers at community locations that are frequented by the working poor (such as neighborhood supermarkets, churches, and child care facilities). Marketing should promote the programs as supports for working families and directly confront the stigma that is often associated with receiving benefits. Materials used in the campaign should be simple and eye-catching and should include precise and accurate information in all languages spoken by the intended audience.
- ✓ **Simplify the process of obtaining work supports.** Simplifying administrative requirements can make it easier for eligible families to access benefits. The application process can be streamlined by shortening forms, minimizing appointments, and allowing families to report information by phone, fax, or mail. States should adopt the maximum certification periods allowed by law for food stamps and Medicaid, and should minimize the extent to which

families must report and document every change in hours or earnings. Finally, states should ensure that any policies designed to divert families from TANF do not affect the processing of applications for other supports. Combining benefits in a single package can also facilitate access. Participants in MFIP responded positively to receiving their food stamp allotment in the form of cash, particularly because it reduced the stigma associated with paying for food with coupons.

- ✓ **Go where the people are, and be available when their schedules allow.** Eligible people who have jobs will have trouble accessing services that are available only during conventional work hours, so agencies should extend their evening and weekend hours. In addition, many eligible workers will not come into a social services office to inquire about benefits, so reaching out to people where they are likely to be can greatly increase participation. Eligibility workers can be stationed in places that serve low-income families, such as community health centers and Head Start programs. In New York City, the government contracts with the Community Food Resource Center, a non-profit organization that uses computer software to link hundreds of community locations — including unemployment offices, health clinics, emergency food programs, and churches — to conduct on-the-spot prescreening for food stamp eligibility.
- ✓ **Market work supports early and often, making special efforts to reach individuals when they are ready to use them.** Welfare recipients should be made aware that if they leave welfare for work they can continue to receive food stamps, Medicaid, and other supports, and that time limits and other TANF policies do not apply to these benefits. To ensure that the message gets across, present the information regularly and repeatedly, particularly in the context of employment-related services. It is also important to recognize that clients might not effectively process information if it is offered before they are ready to use it. Information should therefore be reemphasized at key junctures, such as when a client begins a job search or starts a job.
- ✓ **Review welfare cases that terminate food stamps and Medicaid when cash benefits end.** When welfare recipients find jobs, they often fail to attend their next TANF appointment or simply ask that their case be closed. A closing code assigned for reasons other than employment may not trigger transitional benefits. Before a TANF case is closed, determine whether the client may be eligible to receive for work supports. Federal rules prohibit states from terminating Medicaid unless all avenues to eligibility have been explored and exhausted. Food stamp rules require states to recompute eligibility from case information whenever possible, inform families losing TANF of any information needed to continue to receive food stamps, and give families sufficient time to submit the information.

- ✓ **Make it a staff priority to provide work supports.** Social service agency staff, who may have high caseloads and many responsibilities, should receive a clear and consistent message emphasizing their role in providing work supports. Clients' participation in work supports should be monitored and included in agency reports and performance evaluations. Staff should receive regular training in eligibility rules, administrative procedures, and how to market supports. In Pennsylvania, each county welfare administrator is sent a detailed memorandum about the EITC and a seven-step strategy for marketing it to clients. Wisconsin pays incentive bonuses to workers who get clients to sign up for the EITC.
- ✓ **Take advantage of federal options that promote participation.** Federal rules offer several opportunities for states to extend eligibility for work supports. Regulations allow states to provide up to three months of transitional food stamps, supporting the move from welfare to work and giving agencies time to determine ongoing eligibility. States also have the option to grant continuous Medicaid eligibility to children under age 19 for up to 12 months, even if there is a change in family income or circumstances. This option helps ensure that children maintain coverage, especially if there are delays in establishing transitional Medicaid.

11. Overcoming Barriers to Participation

This section describes reasons why participation in work supports is low and provides advice on how to raise it. The strategies programs use to encourage participation are defined, in large part, by who is eligible for work supports. If only welfare recipients can participate, the program should take advantage of the fact that they meet with staff on a regular basis. For supports that are available more broadly, it is necessary to conduct outreach to the community at large.

As highlighted in Box 9, the most common reasons for nonparticipation in supports for work are:

- ▶ **Lack of awareness.** Potential participants may not know about work supports or understand that they are eligible, especially in light of messages they may have heard about welfare reform and time limits. In programs studied by MDRC, some participants expressed suspicions about the authenticity of the offer of work supports. For recipients who have had an adversarial relationship with the welfare system, an income supplement can seem too good to be true.
- ▶ **Eagerness to leave the stigma of welfare behind.** In many cases, welfare recipients are just as anxious to leave the welfare rolls as welfare agencies are to see them leave. Public assistance has been stigmatized so

effectively and the bureaucratic system been made so burdensome that many recipients of government assistance are anxious to leave it behind when they go to work.

- **Insufficient access.** Welfare offices have traditionally offered few services outside conventional weekday working hours. Services for people who work also need to be available evenings and weekends to accommodate a variety of work schedules, and they should be located at sites where participants can easily access them.

Box 9

Reasons for Nonreceipt of Transitional Benefits

The most common reasons why families who leave welfare do not continue to receive food stamps and Medicaid are lack of awareness and administrative failure. Many people mistakenly believe that when they leave TANF they are no longer eligible for any benefits. Furthermore, state agencies may take insufficient steps to continue other benefits when a welfare case is closed — despite federal rules that require a separate determination.

Another factor frequently cited by families leaving welfare (and other low-income working families) is burdensome recertification and reporting requirements that make it difficult to access benefits and often require them to take time off from work to do so. Some families may be reluctant to participate because of the stigma associated with receipt of the benefits and a desire to distance themselves from the welfare agency.

Encouraging Enrollment

Taking the following steps can help increase participation in work support programs:

- ✓ **Use several approaches to market the program.** Many outreach methods can be used to saturate the target population or community with information about your program. Effective communications tools include mailings, telephone contacts, media campaigns, and postings at supermarkets, laundromats, libraries, and other places that potential participants are likely to frequent. People pay attention to a variety of modes of communication, and they typically need to hear about the program repeatedly before they respond. In the New Hope program, specially hired staff distributed flyers in public places, local media were enlisted, and a 24-hour information hotline was set up. New Hope also found that, while mailings and community outreach worked best, using all available methods generated a steady stream of potential participants. (See Box 10.)

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Box 10

New Hope's Community Outreach Strategy

New Hope developed a broad community outreach strategy to market its program and recruit participants. Letters were mailed to neighborhood residents; posters were hung in key neighborhood locations; radio, television, and newspaper advertisements were run; and partnerships were formed with community groups and social service agencies to reach their members and clients. A letter describing the program and an invitation to attend an orientation meeting was sent to all recipients of AFDC, General Assistance, Medicaid, and food stamps within the target neighborhoods. New Hope staff also contacted local churches and social service agencies and asked to make presentations to staff and clients.

A second phase of intensive efforts was launched to improve the response to New Hope. Temporary outreach workers were hired to speak directly with potential applicants in a target area or to post and distribute flyers in parks, bus stops, libraries, and other public spaces. To take advantage of word-of-mouth marketing, New Hope staff offered participants incentives to bring friends and family members into the program.

**Work with other programs and organizations to spread the word.**

Religious, cultural, and social service organizations can be valuable partners in reaching out to clients and informing them of the financial supports available. In addition to their ability to reach a broad group of potential participants, these institutions do not have the adversarial relationships with their communities that often handicap government agencies.



Meet clients where they are. Make it easy for clients to access services close to their own community. Limiting program intake and activities to one office can greatly diminish a program's ability to recruit participants from across a large area. In New Hope, for example, the program's main office was located on the north side of Milwaukee, but a satellite office on the city's south side was also opened to serve families who lived there. Intended initially to be temporary, the satellite office expanded and became permanent because it proved so successful in attracting applicants. If budgetary constraints make it impossible to open multiple offices, a small staff presence can be colocated in offices of local community organizations.



Train staff in marketing and outreach. Effective marketing begins with the people who will be in direct contact with clients. It may seem odd to think of marketing a program to the workers who must "sell" it themselves, but staff who will be explaining the program to potential participants must fully buy into the program themselves, understand its design, and be able to

explain it effectively to others. They must also understand how marketing the supports fits into their job description. (For more on staff training, see section 14.)

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- ✓ **Make it easy for potential participants to get information about benefits.** Offer appointments on evenings and weekends, minimize the number of required face-to-face meetings, and conduct business by telephone and fax whenever possible. New Hope established a 24-hour hotline and voicemail system which clients could call to get information about the program.
 - ✓ **Administer supports outside the welfare system.** It can be difficult to dissociate work supports from welfare, particularly if the work supports program is administered within the existing public assistance system, requires recipients to report to the same office, and possibly involves the same staff. As discussed in section 7, breaking this association is a major benefit derived from administering a program of work supports — particularly one open to all low-income workers — outside the welfare system.

Encouraging Ongoing Participation

Enrolling participants is only the first step in the successful promotion of work supports. Staff have generally found that maintaining participation can be its own challenge. The following strategies can help:

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- ✓ **Invest in a well-designed tracking system.** Automated client-tracking systems help monitor participation and significantly reduce the amount of staff time needed for this activity. The system should be able to tell staff where participants are at any point, track dates and deadlines, and alert staff to participation milestones, such as the end of an assigned activity.
 - ✓ **Maintain frequent contact.** Case managers in frequent contact with participants are more likely to become aware of changes in employment or family circumstances that can affect receipt of work supports. Regular phone calls — monthly, in most cases, or more frequently during periods of change — can make the difference in keeping participants engaged.
 - ✓ **Use “ticklers” to alert staff to changes in receipt of the supplement.** Once a participant has started receiving a supplement, staff should not assume that their job is finished. New Hope was designed with this understanding in mind and included provisions to help clients as they found and lost jobs or experienced changes in work hours. Clients did not often take advantage of this aspect of the program, however. Thus, program staff should emphasize what they can do to help participants who encounter situations where leaving a job may appear to be their only option.

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- ✓ **Follow up quickly if participants miss appointments or deadlines.**
As soon as a participant misses an appointment or fails to report earnings or other information on time, it is essential to make an attempt to contact the individual. Doing so ensures that clients do not "fall through the cracks," promotes engagement by showing that participation will be monitored, and gives staff an opportunity to overcome obstacles that may threaten ongoing participation. SSP provided staff with procedures and sample letters for following up with participants who missed scheduled meetings.
 - ✓ **Ensure that participants understand how supplements are calculated.**
New Hope staff learned that they had to make concerted and repeated efforts to help participants understand the benefits and services available through the program — particularly how the earnings supplement was calculated. Staff would frequently sit down with clients one-on-one to explain their specific earnings statement. Yet despite this effort, many participants continued to express confusion about this aspect of the program, especially if they saw their supplement amounts fluctuate from month to month for reasons they did not fully grasp.

12. Marketing and Explaining Work Supports

For any work support program to be successful, targeted individuals and families must be made aware of the program, believe that its offer is genuine and can improve their lives, understand its requirements, and take the steps needed to enroll. Potential participants may understandably be skeptical and confused, especially in light of other welfare reform messages that discourage them from receiving assistance. Complicated supplement formulas may make it difficult for staff to explain the supports and for potential recipients to understand them, particularly before they actually start working or if their incomes fluctuate from month to month.

Administrators and staff in MFIP, SSP, and New Hope placed great emphasis on marketing and outreach, using a variety of strategies to ensure that the program's message was both received and understood by potential participants.

These techniques can help program staff explain and market work supports:

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- ✓ **Make direct, personal contact with potential participants.** Direct contact with potential clients can be time-consuming and expensive, but the evidence suggests that such efforts can pay off. The persistent and personalized efforts of SSP staff — which included letters, phone calls, and home visits to those who had not responded to other efforts — yielded a 96 percent show-up rate at program orientation meetings. (See Box 11.)

Box 11

Two Orientation Approaches

MFIP workers provided an initial orientation to the program on a one-on-one basis during the application interview or at meetings to redetermine eligibility. Staff spent anywhere from 5 to 30 minutes explaining the program, with most spending somewhere between 15 and 20 minutes. Despite these efforts, less than half of MFIP participants were able to estimate what their total income under the new program would be when given an earnings amount from a hypothetical job. Although participants could accurately articulate the basics of the program (that is, a focus on work, with welfare, food stamps, and general assistance combined), many participants seemed to struggle to understand the details of new budgeting procedures.

SSP staff, by contrast, held group orientation sessions lasting between two and three hours for clients selected for the program. The groups were kept fairly small (between four and twelve people, on average) to foster an atmosphere that permitted more personal attention and in-depth discussions about the benefits of the program. To make attendees feel at ease and help distinguish the SSP from welfare programs, coffee and pastries were provided. SSP staff often noted that the enthusiasm about the supplement offer was reinforced by the collective group reaction.

- ✓ **Repeat the message over and over again.** Recipients of government benefits receive a great deal of information about their eligibility, benefit calculations, requirements, and services. New applicants, in particular, have to absorb a lot of information at once. MFIP staff found it could be difficult for participants to process complicated information about work supports, especially if they were preoccupied trying to address urgent needs. It is a rule of thumb in advertising that people must hear a message as many as 15 times before it sinks in and they are ready to act on it. Another piece of conventional wisdom suggests that when staff are sick and tired of repeating a message, potential participants are probably just beginning to hear it.
- ✓ **Keep printed materials simple, direct, and visually engaging.** Outreach materials should be engaging and readable and should not try to squeeze every detail about a program into one or two pages. Too much detail can be discouraging and confusing. Remember that the goal of these materials is just to get people in the door. Try to design eye-catching material that will stand out from other correspondence and distinguish your materials from typical welfare agency communications.

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- ✓ **Emphasize program benefits.** Welfare agencies may be accustomed to crafting materials that emphasize program requirements and eligibility criteria, but marketing should focus more on the potential benefits of the program. Emphasize the possibility of increased income and other supports, and explain how those supports can improve participants' lives by, for example, allowing them to purchase needed items.

 - ✓ **Be sure materials are understandable to people with low literacy levels.** This may be a particular challenge in the case of work supports because explanations about how supplements are calculated require mathematical skills and good reading ability. Materials will be easier to understand if you limit sentences to no more than ten words, avoid words with more than two or three syllables, use an active voice, and steer clear of acronyms or bureaucratic jargon.

 - ✓ **Make orientation meetings engaging and inspiring.** Despite their importance for setting the atmosphere for the program, orientation meetings are too often lengthy and overload potential participants with complicated information and paperwork. Instead, they should be engaging and convey clearly the main messages about a program's opportunities and consequences. To run the meetings, choose staff who are outgoing and can generate excitement.

 - ✓ **Follow up quickly and frequently.** If potential participants do not respond immediately to invitations to learn about your program, keep trying. An MDRC study of a welfare-to-work program in Grand Rapids, Michigan, found that people who eventually showed up at an orientation meeting were contacted by staff an average of five times prior to their attendance. Another study in Riverside, California, found that those who eventually attended were contacted an average of three times.

 - ✓ **Make sure that participants are following the discussion, and repeat, repeat, repeat.** Assume that many participants will not completely understand an explanation the first time it's presented. During orientation meetings, SSP staff were instructed to make extra efforts to observe clients' body language (looking for frowns and fidgets, for example) and to listen to their comments (for hesitations or questions that are off-track) to determine whether presentations about the supplement were fully understood.

 - ✓ **Use examples.** SSP had several methods for explaining to program participants how the supplement was calculated. Fictitious cases — spanning a broad range of household characteristics, employment patterns, and earnings — were used to demonstrate how the supplement could increase the income of a supplement taker.

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- ✓ **Show participants how incentives can make a difference in their lives.** SSP used worksheets that asked participants to provide a detailed list of their expenses and, then, calculated supplement payments for a hypothetical income level. As a result, not only could participants see how their income would increase with the supplement, but they could directly project how the increased income could be used to handle their household expenses.
 - ✓ **Use incentives to market work supports.** When more intensive efforts were needed to increase participation, New Hope offered \$5 gift certificates (movie passes and food store certificates, for example) for a limited time to participants for each eligible applicant they recruited to the program. Another program offered free assistance in preparing tax returns as an incentive to attract potential applicants.

13. Verifying Employment and Developing a Payment System

Financial work supports present significant administrative challenges to welfare agencies. Many questions must be answered when designing procedures for employment verification, supplement calculation, and payment systems. Among them are these:

- ▶ What happens when earnings fluctuate week-to-week or month-to-month?
- ▶ What happens when a participant changes jobs?
- ▶ What happens when a participant loses a job?
- ▶ How are sick days or vacations treated?
- ▶ What happens when a participant is self-employed?
- ▶ What happens when a participant combines two part-time jobs?

Verifying Employment

Verifying work hours or earnings will be a major component of any supplement payment system. The design of verification procedures will directly affect staff workloads, accounting accuracy, and participation rates, and efforts should be made in the development of these procedures to minimize burdens on both staff and participants.

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- ✓ **Use wage stubs rather than requiring employer signatures.** In many cases, welfare agencies require that an employment verification form be signed by a client's employer. In the programs studied by MDRC, wage stubs were used as verification, instead, relieving employers from involvement in

the process. Requiring an employer to fill out paperwork on a monthly basis can frequently be met with resistance, causing potential earnings supplement recipients to be excluded from a program simply because their employer is uncooperative. For their part, many recipients may understandably not wish to announce to their employer that they are or were recently receiving welfare.

- ✓ **Simplify ongoing verification procedures.** Once supplement payments have been initiated, procedures can be streamlined to facilitate ongoing support. In SSP, the initiation of the supplement required an in-person meeting to collect initial employment information and review verification procedures. Then, as long as a participant remained with the same employer, he or she had only to fill out a simple voucher, preprinted with the participant's and the employer's information, and mail it in with a pay stub. (See Box 12.)

Box 12

SSP Sample Voucher Form

SSP SUPPLEMENT VOUCHER

Jane A. Snow 1234 Main Street Moncton, N.B. B3Y 1A3	☐ Check here if address is incorrect and write address on back
EMPLOYER NAME:	Acme Industries
EMPLOYER SEQ. NUMBER:	123456
STILL EMPLOYED?:	YES NO (CIRCLE ONE)
IF NOT, LAST DAY OF WORK:	/ / (DD/MM/YY)
PAY DATE:	/ / (DD/MM/YY)
PAY PERIOD END DATE:	/ / (DD/MM/YY)
HOURS WORKED THIS PAY PERIOD:	
REGULAR WAGES THIS PERIOD (Including Tips):	\$

**ATTACH A COPY OF YOUR PAY STUB AND MAIL TO SSP SYSTEMS
OFFICE USING PREPAID ENVELOPE**

**IF YOU HAVE CHANGED EMPLOYERS, REMEMBER TO VISIT YOUR SSP
OFFICE TO REGISTER YOUR NEW EMPLOYER INFORMATION AND PICK
UP NEW VOUCHERS.**

Developing a Payment System

A centralized payment system can ease the staff's workload and ensure that similar payments will be made to those who work similar hours and have similar earnings. A centralized system should:

- ✓ **Make monthly rather than yearly payments.** While an annual lump-sum tax credit payment does provide important benefits to a working family, it is not as helpful as augmenting low wages and assisting to meet expenses associated with working on a day-to-day basis throughout the year. Though the process of arranging monthly advances of EITC payments is cumbersome and few low-wage workers do it, the advances can be made, and efforts should be made to help clients to take advantage of this option.
- ✓ **Accept earnings from different payroll systems while making equitable payments.** Employer payroll systems range from weekly, to biweekly, to monthly pay frequencies, and different pay systems compensate employees with an hourly wage or a yearly salary. The supplement program must be able to accommodate these various accounting periods, and it must do so while making sure that participants with the same wages and overall employment hours receive equivalent payments. SSP's system could handle two basic payroll accounting frequencies. For participants who were paid weekly or biweekly, payments were based upon earnings received in a four-week period. For participants who were paid semimonthly or monthly, a monthly accounting period was used. Although the number of supplement payments varied for each pay frequency (13 payments per year for the four-week period, 12 payments per year for the monthly period), the annual supplement amount was the same for participants earning the same total income.
- ✓ **Allow for occasional lapses in employment.** Designing a system that allows for some instances of reduced work hours without completely cutting off supplement payments can prevent participants from returning to public assistance due to temporary employment problems. In SSP, participants were allowed two instances in a 12-month period when they would still receive the supplement if their weekly hours of work fell below 30 for a four-week period. In such cases, the supplement was reduced in proportion to the number of hours worked.
- ✓ **Allow flexibility to provide supplements for previous months.** In New Hope, a recipient who did not submit pay stubs for a given month was allowed to receive an earnings supplement check if he or she submitted them in the following month. However, the program regarded it as more problematic when participants let their wage stubs accumulate for two months or more before finally submitting them. Processing the delayed submissions increased the workloads of project representatives and compromised the earnings supplement's intended use as an additional monthly income rather

than an occasional windfall. Ultimately, to address this problem, New Hope imposed a 90-day time limit on submitting wage stubs.

- ✓ **Make timely and accurate payments.** Delayed or inconsistent delivery of earnings supplement payments can minimize the payments' effectiveness and cause frustration and discouragement among program participants. Participants find it difficult to gauge their income levels accurately and to budget accordingly if they do not know when they will be receiving their checks.
- ✓ **Provide a clear explanation of supplement calculations.** Participants should receive a statement, preferably attached to the payment itself, that makes clear how the supplement was calculated. The statement provided by New Hope showed how the amount of the supplement was determined, listed any deductions made for the health insurance copay if the participant elected to use those benefits, and listed the value of all the benefits and services the participant received in that month. The statement also included a section that illustrated the participant's potential income from all sources, including the federal and state EITCs. (See Box 13 for a sample statement from SSP.)

Box 13

SSP Sample Supplement Statement

Jane A. Snow
1234 Main Street
Moncton, N.B. B3Y 1A3

Statement Date: Sept. 24, 1992
Program group member ID: 1234
SSP District Office: XX

SSP SUPPLEMENT STATEMENT

Total Supplement:	\$200.00
Federal taxes withheld:	\$20.00
Supplement Paid (supplement - taxes):	\$180.00

Supplement Summary:

Year to date number of supplements:	10
Year to date supplement amount paid:	\$1,800.00
Year to date taxes withheld:	\$200.00

Supplement Calculation Details:

Target wage for this period:	\$1,200.00
Your earnings this period:	\$800.00
Difference (target wage - earnings):	\$400.00
Supplement (half of the difference):	\$200.00

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- ✓ **Allow for self-employment.** Self-employment is not an uncommon choice for welfare recipients entering the workforce — indeed, many welfare agencies use training programs that certify participants to run their own child care programs in their homes. New Hope consulted with an accounting firm to determine the best way to verify work hours and income for self-employed participants. The program developed a log for those who were self-employed to record their work hours and earnings, requiring them to attach copies of bills and payments received from customers. New Hope also allowed self-employed participants to deduct legitimate business expenses from their earnings, as long as the expenses were documented and did not exceed the participant's revenue for the month.
 - ✓ **Prevent overpayments or fraud.** Financial work support programs need mechanisms to monitor participants' income to ensure that earnings and work hours are reported correctly. Requiring participants to submit wage stubs can verify that clients are meeting the 30-hour work requirement. However, wage stubs from one job cannot show whether a client may be underreporting income from a second job or failing to disclose income from a second wage-earner in the household. In order to prevent this type of fraud, New Hope staff reviewed state Unemployment Insurance records for all participants and their spouses.

14. Staff Training and Interagency Collaboration

Staff training and interagency collaboration are critical to the successful implementation of work support programs. Following are suggestions for how to meet these challenges.

Staff Training and Support

Program staff are the front line in marketing work supports and encouraging participation. If staff are not engaged, the program cannot succeed. Similarly, the first step toward ensuring that potential recipients understand how to calculate supplements to their incomes is to ensure that staff who will be explaining these benefits to clients fully understand them.

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- ✓ **Send staff a clear message.** As part of welfare reform efforts across the country, workers have been pressured to move recipients into work and off welfare as quickly as possible. Earnings supplement programs, though varying in their form, inevitably preserve some form of government assistance where it would previously not have existed, thereby blurring the distinction between work and welfare. Comprehensive training is essential to ensure that staff members deliver a consistent message about the program to potential recipients.

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- ✓ **Get staff buy-in.** Staff who believe in a program can make all the difference in achieving high participation rates. In an evaluation of GAIN, the California welfare-to-work program, one office achieved a 97 percent attendance rate at program orientations. What distinguished this office was not merely effective recruitment methods but the fact that 94 percent of the income-maintenance staff — twice the proportion of staff in other GAIN offices — agreed that they “should put much effort” into making potential participants enthusiastic about the program. This example clearly illustrates the impact that staff can have when they believe in the benefits of a program and try to convey their enthusiasm to participants.
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- ✓ **Emphasize that work supports can make the staff's jobs easier.** Evidence from MDRC research suggests that the availability of earnings supplements can lead to improved relationships between case managers and program participants. The option of an earnings supplement can offset the “stick” of sanctions with the “carrot” of a potentially increased income. Workers have greater latitude to tailor their message to program participants as they see fit, emphasizing both aspects of the program.
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- ✓ **Reinforce the belief that supplements ensure that work “makes sense.”** Earnings supplements inherently appeal to many caseworkers because they allow them to feel that they are helping to improve their clients' lives. In many of the programs evaluated by MDRC, staff emphasized that they felt empowered to encourage participants to work because they honestly felt that the participants would be better off financially by working. As one worker in the MFIP program put it, “As a worker, I feel like I am, for a change, making a difference.”
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- ✓ **Balance pressures for quality control.** Welfare program staff are under tremendous pressure to issue accurate benefit amounts. Earnings supplement programs, which involve complicated calculations and verification procedures, can increase the pressure staff feel from quality control measures. Balance quality control with other measures, by setting benchmarks and monitoring staff performance. Giving staff specific targets can ensure that marketing and outreach become priorities and that staff know what is expected of them. The SSP program set a goal of having 80 percent of eligible clients receive an orientation; in the end, the program actually achieved a 96 percent orientation rate.
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- ✓ **Keep workloads manageable.** In the programs evaluated by MDRC, staff were found to have spent considerably more time on each of their cases because of the additional complications of monitoring work hours and calculating benefits and supplements for working clients. Unlike the relatively straightforward determination of eligibility for TANF benefits, the accounting and verification procedures involved with the administration of earnings supplements requires significant amounts of time from case managers. Make
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sure that staff have adequate time to deal with their expanded administrative tasks, while they maintain their ability to perform case management.

- ✓ **Provide adequate training.** In each of the earnings supplement programs evaluated by MDRC, staff were consistently reported to be confused in the initial phases of implementation. Automated eligibility systems are often quite complicated, and staff who have grown accustomed to one method of calculating benefits can be challenged by having to significantly adjust their approach to benefits calculation. To help them master their new roles, conduct training in small groups, and have staff practice explaining the supplement to one another so they can get a sense of specific aspects of the program that they may need to understand better themselves. Then hold follow-up training to reinforce what was learned, and respond to any questions that arise over time.

Interagency Collaboration

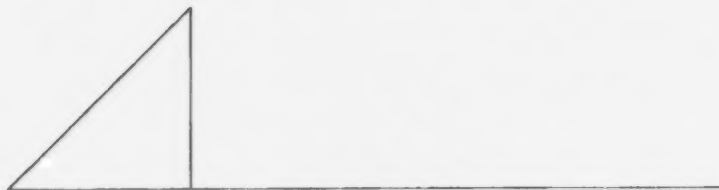
The staffing structure of financial incentive programs will vary considerably depending upon whether a program operates inside or outside the welfare system. In cases where a contractor outside the welfare system administers the supplements, it is essential that staff in relevant agencies remain in close communication about policies and procedures related to the calculation of financial payments. This is essential to ensure that overpayments are not made and that recipients move seamlessly from welfare to supplement receipt. The welfare agency must know when a recipient has begun receiving a financial supplement, and, for its part, the contracted provider must be assured that a recipient of a wage supplement is not simultaneously receiving welfare. Even if an earnings supplement program resides solely within a welfare agency, precision and frequent communication will still be necessary between case managers and supervisors working with clients, on the one hand, and fiscal personnel issuing checks and handling budgetary aspects of the program, on the other.

- ✓ **Collaborate in marketing and outreach.** As noted in section 11, partnerships with community agencies, businesses, local media, and other groups can play an important role in outreach efforts. Partner groups can inform eligible individuals about work supports and even help them sign up for the benefits.
- ✓ **Bring line staff on board.** While it may be necessary for senior management to begin spreading the word about your program to other organizations, don't forget that receptionists and line staff can play an important part in a successful recruitment effort. These employees have the most direct contact with potential participants, and they and their managers should be helped to feel a commitment to and an understanding of strategies for reaching out to other organizations. New Hope managers found that they were much more successful in recruiting participants from other organizations when they specifically

made efforts to explain the program and its benefits to line staff, rather than relying solely on the other organization's management to convey the program's message.

- ✓ **Develop an effective Management Information System (MIS) to share information.** A well-developed MIS is crucial to ensuring that all parties involved in verifying employment, calculating benefits and supplements, and issuing checks have access to the same information in real time. In SSP, the Income Assistance agency maintained a shared administrative database with program providers that enabled the two organizations to cross-match clients and ensure that no one was receiving both the supplement and Income Assistance at the same time. Program providers also sent official notices to a client's Income Assistance worker once the client initiated receipt of the supplement, which would make him or her ineligible to receive Income Assistance.
- ✓ **Make the most of your MIS.** A robust MIS can be used to help staff and organizations communicate, as the experience of the St. Paul public housing development site participating in the MDRC-led Jobs-Plus project demonstrates. There, the MIS was designed to show not only how a reduction in rent would accrue to a participating tenant. It was also linked to the housing authority's systems to permit that agency to calculate the loss in revenue it would experience as a result of the rent reductions. Although a supplement administered by a welfare system might take a different form, it might be useful to link payment information with other agency systems that track expenditures for fiscal monitoring purposes.
- ✓ **Include all parties involved in the development of policies and procedures.** Earnings supplement programs have major implications for the technical aspects of welfare administration. These departments are often not consulted directly during the policymaking process but, rather, design systems to implement policy that's already been mandated. In the case of financial incentives, however, the procedures for calculating benefits and their relationship to other benefit programs is so crucial to the day-to-day operations of these programs that it is essential to consult with technical staff from the beginning. In the Jobs-Plus program, which used a financial incentive tied to the rent amounts of residents of public housing, technical staff expressed that they would have liked to have been involved in determining the form of the incentive, given the difficulties of adjusting the rent calculation system.
- ✓ **Update policy and benefit information.** Program policies and benefit levels change frequently, and if a supplement payment is tied to other benefit amounts, automated systems for calculating payments must be updated regularly to reflect the latest changes. In the Jobs-Plus demonstration, for example, welfare agency officials were initially concerned that some of the

program's marketing materials — specifically, the "income calculator" — made welfare grant estimates in attempting to demonstrate a potential recipient's income under the financial incentives offered by the program. Local welfare administrators collaborated with program staff in the case of the St. Paul Jobs-Plus site to ensure that the proper methods were being used to calculate welfare grants. The program staff also emphasized to clients that their calculations were estimates rather than hard figures.



Appendices

Appendix A

Estimated Cost of Refundable State Earned Income Tax Credits

Table A

Estimated Cost of Refundable State Earned Income Tax Credits

State	Federal EITC Claims, Tax Year 2000 (\$)	Percentage of total U.S. Claims (%)	Cost of Federal EITC in Fiscal Year 2004 (\$ est.)	Estimated Cost of State EITC in Fiscal Year 2004 ^a		
				Set at 5% of Federal Credit (\$)	Set at 10% of Federal Credit (\$)	Set at 20% of Federal Credit (\$)
Alabama	819	2.58	892	40	80	161
Alaska	40	0.13	44	2	4	8
Arizona	563	1.77	613	28	55	110
Arkansas	440	1.39	479	22	43	86
California	3,778	11.90	4,116	185	370	741
Colorado	330	1.04	360	n/a ^b	n/a ^b	n/a ^b
Connecticut	214	0.67	233	10	21	42
Delaware	79	0.25	86	4	8	15
District of Columbia	84	0.26	92	n/a ^b	n/a ^b	n/a ^b
Florida	2,181	6.87	2,376	107	214	428
Georgia	1,271	4.00	1,385	62	125	249
Hawaii	94	0.30	102	5	9	18
Idaho	130	0.41	142	6	13	25
Illinois ^c	1,228	3.87	1,338	60	120	241
Indiana	570	1.79	621	n/a ^b	n/a ^b	n/a ^b
Iowa ^c	213	0.67	232	10	21	42
Kansas	224	0.71	244	n/a ^b	n/a ^b	n/a ^b
Kentucky	478	1.51	521	23	47	94
Louisiana	922	2.90	1,004	45	90	181
Maine ^c	112	0.35	122	5	11	22
Maryland	493	1.55	537	n/a ^b	n/a ^b	n/a ^b
Massachusetts	385	1.21	419	n/a ^b	n/a ^b	n/a ^b
Michigan	880	2.77	959	43	86	173
Minnesota	305	0.96	332	n/a ^b	n/a ^b	n/a ^b
Mississippi	664	2.09	723	33	65	130
Missouri	610	1.92	665	30	60	120
Montana	100	0.31	109	5	10	20

(continued)

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Table A (continued)

State	Cost of Federal EITC Claims, Tax Year 2000 (\$)	Percentage of total U.S. Claims (%)	Federal EITC in Fiscal Year 2004 (\$ est.)	Estimated Cost of State EITC in Fiscal Year 2004 ^a		
				Set at 5% of Federal Credit (\$)	Set at 10% of Federal Credit (\$)	Set at 20% of Federal Credit (\$)
Nebraska	140	0.44	153	7	14	27
Nevada	198	0.62	216	10	19	39
New Hampshire	73	0.23	80	4	7	14
New Jersey	701	2.21	764	n/a ^b	n/a ^b	n/a ^b
New Mexico	291	0.92	317	14	29	57
New York	2,203	6.94	2,400	n/a ^b	n/a ^b	n/a ^b
North Carolina	1,078	3.39	1,174	53	106	211
North Dakota	52	0.16	57	3	5	10
Ohio	1,074	3.38	1,170	53	105	211
Oklahoma	458	1.44	499	n/a ^b	n/a ^b	n/a ^b
Oregon ^c	297	0.94	324	15	29	58
Pennsylvania	1,041	3.28	1,134	51	102	204
Rhode Island ^c	89	0.28	97	4	9	17
South Carolina	648	2.04	706	32	64	127
South Dakota	72	0.23	78	4	7	14
Tennessee	794	2.50	865	39	78	156
Texas	3,362	10.59	3,663	165	330	659
Utah	170	0.54	185	8	17	33
Vermont	46	0.14	50	n/a ^b	n/a ^b	n/a ^b
Virginia	687	2.16	748	34	67	135
Washington	456	1.44	497	22	45	89
West Virginia	209	0.66	228	10	20	41
Wisconsin	368	1.16	401	n/a ^b	n/a ^b	n/a ^b
Wyoming	46	0.14	50	2	5	9
U.S. total	31,760	100	34,600			

SOURCE: Calculations made by the Center on Budget and Policy Priorities.

NOTES: Dollar amounts represent dollars in millions.

- Estimates of state EITCs assume participation rate equal to 90 percent of federal participation.
- State has already enacted a refundable state EITC.
- For Illinois, Iowa, Maine, Oregon, and Rhode Island, cost shown is the total cost of a refundable credit; since those states already offer nonrefundable credits, the added cost of making the credit refundable would be substantially less than the amount shown here.

Appendix B

State Earned Income Disregard Policies

Table B

State Earned Income Disregard Policies

State	Portion of Applicant's Earnings That Is Disregarded in Eligibility Determination	Portion of Recipient's Earnings That Is Disregarded in Benefit Determination
Alabama	20%	100% for 3 months 20% in subsequent months
Alaska	\$90	\$150 and 1/3 of the remainder for 12 months \$150 and 25% of the remainder for the next 12 months \$150 and 20% of the remainder for the next 12 months \$150 and 15% of the remainder for the next 12 months \$150 and 10% of the remainder for the next 12 months
Arizona	\$90 and 30% of the remainder	\$90 and 30% of the remainder
Arkansas	20%	20% and 60% of the remainder
California	\$90	\$225 and 50% of the remainder
Colorado	\$90	\$120 and 1/3 of the remainder for 4 months \$120 for the next 8 months \$90 in subsequent months
Connecticut	\$90	100% until earnings exceed federal poverty level

(continued)

Table B (continued)

State	Portion of Applicant's Earnings That Is Disregarded in Eligibility Determination	Portion of Recipient's Earnings That Is Disregarded in Benefit Determination
Delaware	\$90	\$120 and 1/3 of the remainder for 4 months \$120 for the next 8 months \$90 in subsequent months
District of Columbia	\$100	\$100 and 50% of the remainder
Florida	\$90	\$200 and 50% of the remainder
Georgia	\$90	\$120 and 1/3 of the remainder for 4 months \$120 for the next 8 months \$90 in subsequent months
Hawaii	20%	20%, then \$200, then 36% of the remainder
Idaho	40%	40%
Illinois	\$90	67%
Indiana	\$90	\$120 and 1/3 of the remainder for 4 months \$120 for the next 8 months \$90 in subsequent months
Iowa	20%	20% and 50% of the remainder
Kansas	\$90	\$90 and 40% of the remainder
Kentucky	\$90	100% for 2 months \$120 and 1/3 of the remainder for the next 4 months \$120 for the next 8 months \$90 in subsequent months
Louisiana	\$120	\$1,020 for 6 months \$120 in subsequent months
Maine	\$108 and 50% of the remainder	\$108 and 50% of the remainder
Maryland	20%	35%
Massachusetts	\$90	\$120 and 50% of the remainder
Michigan	\$200 and 20% of the remainder	\$200 and 20% of the remainder
Minnesota	18%	38%

(continued)

Table B (continued)

State	Portion of Applicant's Earnings That Is Disregarded in Eligibility Determination	Portion of Recipient's Earnings That Is Disregarded in Benefit Determination
Mississippi	\$90	100% for 6 months for some families ^a \$90 in other months
Missouri	\$90	67% and \$90 of the remainder for 12 months \$90 in subsequent months
Montana	\$200	\$200 and 25% of the remainder for 24 months \$100 in subsequent months
Nebraska	20%	20%
Nevada	\$90 or 20%, whichever is greater	100% for 3 months 50% for the next 9 months Greater of \$90 or 20% in subsequent months
New Hampshire	20%	50%
New Jersey	None	100% for 1 month 50% in subsequent months
New Mexico	\$150 and 50% of the remainder	\$150 and 50% of the remainder
New York	\$90	\$90 and 46% of the remainder
North Carolina	27.5%	100% for 3 months 27.5% in subsequent months
North Dakota	Greater of \$90 or 27%, and 50% of the "employment incentive limit" ^b	Greater of \$90 or 27%, and 50% of the "employment incentive limit" for 8 months ^b Greater of \$90 or 27%, and 30% of the "employment incentive limit" for 2 months Greater of \$90 or 27%, and 10% of the "employment incentive limit" for 2 months Greater of \$90 or 27% in subsequent months
Ohio	\$250 and 50% of the remainder	\$250 and 50% of the remainder

Table B (continued)

State	Portion of Applicant's Earnings That Is Disregarded in Eligibility Determination	Portion of Recipient's Earnings That Is Disregarded in Benefit Determination
Oklahoma	\$120 and 50% of the remainder	\$120 and 50% of the remainder
Oregon	50%	50%
Pennsylvania	\$90	50%
Rhode Island	\$170 and 50% of the remainder	\$170 and 50% of the remainder
South Carolina	50%	50% for 4 months \$100 in subsequent months
South Dakota	\$90 and 20% of the remainder	\$90 and 20% of the remainder
Tennessee	\$150	\$150
Texas	\$120 and 1/3 of the remainder	\$120 and 90% of the remainder for 4 months \$120 in subsequent months
Utah	\$100	\$100 and 50% of the remainder
Vermont	\$90	\$150 and 25% of the remainder
Virginia	\$90	\$120 and 1/3 of the remainder for 4 months ^c \$120 for the next 8 months \$90 in subsequent months
Washington	50%	50%
West Virginia	40%	40%
Wisconsin	None	None
Wyoming	\$200	\$200

SOURCE: State Policy Documentation Project, 2002.

NOTES: The disregard policies shown here are as of January 2000.

In a small number of states, the treatment of earnings is different for various groups of families. The information in this table reflects the treatment of earnings for the largest group of families in the state.

- a. In Mississippi, the 100% disregard is available only if families obtain full-time employment within 30 days of initial receipt of TANF or within 30 days following start of participation in work activities.
- b. The maximum "employment incentive limit" in North Dakota is \$184.
- c. The benefit rules for participants in Virginia's welfare reform program (i.e., those subject to the state time limit) allow families to continue receiving benefits until countable earned income (after the work expense deduction and earned income disregard) reached the federal poverty line. This is done through "fill-the-gap" budgeting and not through an earned income disregard.

Appendix C

Projected Costs and Effects of Various Earnings Disregards

Table C is based on research evidence of how people respond to financial supplements and illustrates projected costs and effects of various earnings disregards policies. Under prevailing AFDC rules prior to the passage of the 1996 welfare reform law, welfare recipients were eligible to receive an earnings disregard set as \$120 plus one-third of the difference between the recipient's earnings and welfare payment for the first four months, \$120 for the next eight months, and \$90 in subsequent months. States considering expanding their earned income disregard can use this table to get a rough estimate of the expansion's cost and likely benefits.

How to Use Table C

- ▶ **Step 1.** Determine if your state is a "low-benefit" state (defined as offering a welfare benefit of about \$200 a month), a "medium-benefit" state (providing about \$400 a month in benefits), or a "high-benefit" state (paying monthly benefits of about \$600). This will tell you whether you should focus on the top, middle, or bottom panel of the table.
- ▶ **Step 2.** Determine your current earnings disregard level: If your state's disregard is largely based on the traditional AFDC disregard calculation described above, the impact of an expanded disregard is clearly listed under each column. If your state sets its disregard as 50 percent of the difference between a recipient's earnings and welfare payment, $\$200 + 50$ percent, $\$750 + 50$ percent, or 100 percent, the impact of expanding your disregard can be measured as the difference between your state's column and the column of the disregard you wish to implement. If your state's earnings disregard is none of the above, determine which of the listed disregards comes closest to matching yours.

Example 1: A high-benefit state with a traditional AFDC disregard that decides to change its disregard could leave income relatively unchanged with a 50 percent disregard. A recipient's net income would be increased by about \$396 by changing to a $\$200 + 50$ percent disregard, by about \$994 with a $\$750 + 50$ percent disregard, and about \$1,082 with a 100 percent disregard.

Example 2: A low-benefit state with a 50 percent disregard could expand to a \$200 + 50 percent disregard, the \$750 + 50 percent disregard, or the 100 percent disregard. A \$200 + 50 percent disregard would cost this state $\$59 - (\$-144) = \$203$ per participant annually and would increase a recipient's income by $\$272 - (\$-87) = \$358$ per year. A \$750 + 50 percent disregard would cost this state $\$310 - (\$-144) = \$454$ and would increase a recipient's income by $\$658 - (\$-87) = \$745$. Similarly, a 100 percent disregard would cost this state \$523 and would increase income per recipient by \$829.

Example 3: A high-benefit state with a \$225 + 50 percent disregard first needs to determine which of the listed disregards most nearly approximates its own. In this instance, the disregard is somewhat more generous than a \$200 + 50 percent disregard. Because a state with a \$200 + 50 percent disregard that moved to a 100 percent disregard would spend \$439 ($\$598 - \$159$) and increase income by \$686 ($\$1,082 - \$396$), this state can expect the effect of its change to result in a slightly larger cost and increase in income.

- **Step 3.** Determine which disregard you want to implement, and calculate its total impacts. Once a disregard is chosen, total annual costs are determined by multiplying the number of households in the state's caseload by the amount shown in the line labeled "cost to the state." Thus, a state having 50,000 TANF-recipient households would determine its annual cost figure by multiplying by 50,000.

To see how using Table C would work in practice, let's apply steps 1 through 3 using Pennsylvania as a case example.¹ Pennsylvania's maximum cash benefit for most three-person families is \$403, making it a medium-benefit state, and its current earnings disregard is 50 percent. Therefore, the starting point will be column 2 of the middle panel. If Pennsylvania were to expand to a \$200 + 50 percent disregard, recipient income would increase by $\$327 - (\$-53) = \$380$ and the cost to the state of $\$121 - (\$-200) = \$321$ per participant. Because there were 87,000 families on the Pennsylvania rolls (as of the end of 2001), this expansion would cost the state almost \$28 million annually.

1. Community Legal Services, Inc. 2002.

Table C

Output for Disregards of Varying Generosity

	Outcomes Under Traditional AFDC Rules	Impact of 50% Disregard	Impact of \$200 + 50%	Impact of \$750 + 50%	Impact of 100% Disregard
Low-benefit state					
Annual earnings (\$)	2,872	39	149	274	319
Rate of AFDC receipt (%)	50.6	(1.1)	3.8	10.8	10.9
Net income (\$)	8,405	(87)	272	658	742
Cost to the state (\$)	1,037	(144)	59	310	379
Medium-benefit state					
Annual earnings (\$)	2,524	77	173	419	446
Rate of AFDC receipt (%)	74.1	0.9	4.0	7.7	7.6
Net income (\$)	10,068	(53)	327	859	944
Cost to the state (\$)	3,239	(200)	121	504	585
High-benefit state					
Annual earnings (\$)	2,269	71	233	556	580
Rate of AFDC receipt (%)	81.5	2.8	3.8	4.5	4.3
Net income (\$)	11,281	(0)	396	994	1,082
Cost to the state (\$)	5,141	(165)	159	514	598

NOTES: Disregards in effect for two years.

Uses 2001 federal and state tax rules and food stamp rules.

Uses average outcomes over a 24-month simulation period.

Uses 2001 federal and Michigan tax and transfer rules.

Programs, Organizations, and Contact Information

Canada's Self-Sufficiency Project, Social Research and Demonstration Corporation, 50 O'Connor Street, Suite 1400, Ottawa, Ontario K1P 6L2, Canada, (613) 237-4311, www.srdc.org

Center on Budget and Policy Priorities, 820 First Street NE, Suite 510, Washington, DC 20002, (202) 408-1080, www.cbpp.org

Center for Law and Social Policy, 1015 15th Street NW, Suite 400, Washington, DC 20005, (202) 906-8000, www.clasp.org

Community Food Resource Center, 39 Broadway, 10th Floor, New York, NY 10006 (212) 894-8094, www.cfrnyc.org

Connecticut's Jobs First Program, Connecticut Department of Social Services, 25 Sigourney Street, Hartford, CT 06106-5033, (800) 842-1508, www.dss.state.ct.us/contact.htm

Florida's Family Transition Program, District One Department of Children and Families, 160 Governmental Center, Pensacola, FL 32501, (850) 595-8211, www.state.fl.us/cf_web

Illinois Department of Human Services, 100 South Grand Avenue East, Springfield, IL 62762, (217) 557-1601, www.dhs.state.il.us

The Jobs-Plus Community Revitalization Initiative for Public Housing Families, U.S. Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410, (202) 708-3700, www.hud.gov/progdesc/jobsplus.cfm

Kent County Family Independence Agency, 415 Franklin SE, Grand Rapids, MI 49507, (616) 247-6000, www.accesskent.com/government/departments/fia_index.htm

Los Angeles Jobs-First GAIN, County of Los Angeles, Department of Public Social Services, 5200 West Century Boulevard, Los Angeles, CA 90045, (310) 665-7500, www.ladpss.org/dpss/gain/gain.htm

Maryland Department of Human Resources, 311 West Saratoga Street, Baltimore, MD 21201, (800) 332-6347, www.dhr.state.md.us

Minnesota Family Investment Program, Minnesota Department of Human Services, 444 Lafayette Road, Saint Paul, MN 55155, (651) 297-3933, www.dhs.state.mn.us

National Governors Association, 444 North Capital Street, Washington, DC 20001, (202) 624-5300, www.nga.org

The New Hope Project, 2821 North 4th Street, Suite 516B, Milwaukee, WI 53212, (414) 267-6020, www.newhopeproject.org

Pennsylvania Department of Public Welfare, Office of Income Maintenance, Health and Welfare Building, Room 432, PO Box 2675, Harrisburg, PA 17105-2675, (717) 787-1894, www.dpw.state.pa.us/oim/dpwoim.asp

Riverside County Department of Public Social Services, 4060 County Circle Drive, Riverside, CA 92503, (909) 358-3000, <http://dpss.co.riverside.ca.us>

State Policy Documentation Project (SPDP), SPDP is a joint project of the Center for Law and Social Policy and the Center on Budget and Policy Priorities, www.spdp.org

Urban Institute, 2100 M Street NW, Washington, DC 20037, (202) 833-7200, www.urban.org

U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, 370 L'Enfant Promenade SW, Washington, DC 20477, (202) 401-4849, www.acf.dhhs.gov/programs/ofa

U.S. Department of Labor, Employment and Training Administration, Office of Public Affairs, 200 Constitution Avenue NW, Washington, DC 20210, (202) 219-6871, www.doleta.gov

Vermont's Welfare Restructuring Project, Vermont Department of Prevention, Assistance, Transition, and Health Access, 103 South Main Street, Waterbury, VT 05676-1201, (800) 287-0589, www.path.state.vt.us

Washington State Department of Social and Health Services, PO Box 45130, Olympia, WA 98504-5130, (206) 760-2393, www.wa.gov/dshs

Welfare Information Network, The Finance Project, 1401 New York Avenue NW, Suite 800, Washington, DC 20005, (202) 587-1000, www.financeprojectinfo.org/win/default.asp

Wisconsin Department of Health and Family Services, 1 West Wilson Street, Madison, WI 53702, (608) 266-1865, www.dhfs.state.wi.us

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Business Partnerships: How to Involve Employers in Welfare Reform. 1998. Amy Brown, Maria Buck, Erik Skinner.

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Encouraging Work, Reducing Poverty: The Impact of Work Incentive Programs. 2000. Gordon Berlin.

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Next Generation Project

A collaboration among researchers at MDRC and several other leading research institutions focused on studying the effects of welfare, antipoverty, and employment policies on children and families.

How Welfare and Work Policies Affect Children: A Synthesis of Research. 2001. Pamela Morris, Aletha Huston, Greg Duncan, Danielle Crosby, Johannes Bos.

How Welfare and Work Policies Affect Employment and Income: A Synthesis of Research. 2001. Dan Bloom, Charles Michalopoulos.

How Welfare and Work Policies for Parents Affect Adolescents: A Synthesis of Research. 2002. Lisa Gennetian, Greg Duncan, Virginia Knox, Wanda Vargas, Elizabeth Clark-Kauffman, Andrew London.

Note: For works not published by MDRC, the publisher's name is shown in parentheses. With a few exceptions, this list includes reports published by MDRC since 1999. A complete publications list is available from MDRC and on its Web site (www.mdrc.org), from which copies of MDRC's publications can also be downloaded.

Project on Devolution and Urban Change

A multiyear study in four major urban counties — Cuyahoga County, Ohio (which includes the city of Cleveland), Los Angeles, Miami-Dade, and Philadelphia — that examines how welfare reforms are being implemented and affect poor people, their neighborhoods, and the institutions that serve them.

Big Cities and Welfare Reform: Early Implementation and Ethnographic Findings from the Project on Devolution and Urban Change. 1999. Janet Quint, Kathryn Edin, Maria Buck, Barbara Fink, Yolanda Padilla, Olis Simmons-Hewitt, Mary Valmont.

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Assessing the Impact of Welfare Reform on Urban Communities: The Urban Change Project and Methodological Considerations. 2000. Charles Michalopoulos, Johannes Bos, Robert Lalonde, Nandita Verma.

Post-TANF Food Stamp and Medicaid Benefits: Factors That Aid or Impede Their Receipt. 2001. Janet Quint, Rebecca Widom.

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Monitoring Outcomes for Los Angeles County's Pre- and Post-CalWORKs Leavers: How Are They Faring? 2003. Nandita Verma, Richard Hendra.

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Exceptions to the Rule: The Implementation of 24-Month Time-Limit Extensions in W2. 2001. Susan Gooden, Fred Doolittle.

Matching Applicants with Services: Initial Assessments in the Milwaukee County W2 Program. 2001. Susan Gooden, Fred Doolittle, Ben Glispie.

Employment Retention and Advancement Project

Conceived and funded by the U.S. Department of Health and Human Services (HHS), this demonstration project is aimed at testing various ways to help low-income people find, keep, and advance in jobs.

New Strategies to Promote Stable Employment and Career Progression: An Introduction to the Employment Retention and Advancement Project (HHS). 2002. Dan Bloom, Jacquelyn Anderson, Melissa Wavelet, Karen Gardiner, Michael Fishman.

Time Limits

Welfare Time Limits: State Policies, Implementation, and Effects on Families. 2002. Dan Bloom, Mary Farrell, Barbara Fink.

Leavers, Stayers, and Cyclers: An Analysis of the Welfare Caseload. 2002. Cynthia Miller.

Florida's Family Transition Program

An evaluation of Florida's initial time-limited welfare program, which includes services, requirements, and financial work incentives intended to reduce long-term welfare receipt and help welfare recipients find and keep jobs.

The Family Transition Program: Implementation and Three-Year Impacts of Florida's Initial Time-Limited Welfare Program. 1999. Dan Bloom, Mary Farrell, James Kemple, Nandita Verma.

The Family Transition Program: Final Report on Florida's Initial Time-Limited Welfare Program. 2000. Dan Bloom, James Kemple, Pamela Morris, Susan Scrivener, Nandita Verma, Richard Hendra.

Cross-State Study of Time-Limited Welfare

An examination of the implementation of some of the first state-initiated time-limited welfare programs.

Welfare Time Limits: An Interim Report Card. 1999. Dan Bloom.

Connecticut's Jobs First Program

An evaluation of Connecticut's statewide time-limited welfare program, which includes financial work incentives and requirements to participate in employment-related services aimed at rapid job placement. This study provides some of the earliest information on the effects of time limits in major urban areas.

Connecticut Post-Time Limit Tracking Study: Six-Month Survey Results. 1999. Jo Anna Hunter-Manns, Dan Bloom.

Jobs First: Implementation and Early Impacts of Connecticut's Welfare Reform Initiative. 2000. Dan Bloom, Laura Melton, Charles Michalopoulos, Susan Scrivener, Johanna Walter.

Connecticut's Jobs First Program: An Analysis of Welfare Leavers. 2000. Laura Melton, Dan Bloom.

Final Report on Connecticut's Welfare Reform Initiative. 2002. Dan Bloom, Susan Scrivener, Charles Michalopoulos, Pamela Morris, Richard Hendra, Diana Adams-Ciardullo, Johanna Walter.

Vermont's Welfare Restructuring Project

An evaluation of Vermont's statewide welfare reform program, which includes a work requirement after a certain period of welfare receipt, and financial work incentives.

Forty-Two-Month Impacts of Vermont's Welfare Restructuring Project. 1999. Richard Hendra, Charles Michalopoulos.

WRP: Key Findings from the Forty-Two-Month Client Survey. 2000. Dan Bloom, Richard Hendra, Charles Michalopoulos.

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Conceived and sponsored by the U.S. Department of Health and Human Services (HHS), with support from the U.S. Department of Education (ED), this is the largest-scale evaluation ever conducted of different strategies for moving people from welfare to employment.

Do Mandatory Welfare-to-Work Programs Affect the Well-Being of Children? A Synthesis of Child Research Conducted as Part of the National Evaluation of Welfare-to-Work Strategies (HHS/ED). 2000. Gayle Hamilton.

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Los Angeles's Jobs-First GAIN Program

An evaluation of Los Angeles's refocused GAIN (welfare-to-work) program, which emphasizes rapid employment. This is the first in-depth study of a full-scale "work first" program in one of the nation's largest urban areas.

The Los Angeles Jobs-First GAIN Evaluation: First-Year Findings on Participation Patterns and Impacts. 1999. Stephen Freedman, Marisa Mitchell, David Navarro.

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An evaluation of Ohio's Learning, Earning, and Parenting (LEAP) Program, which uses financial incentives to encourage teenage parents on welfare to stay in or return to school.

LEAP: Final Report on Ohio's Welfare Initiative to Improve School Attendance Among Teenage Parents. 1997. Johannes Bos, Veronica Fellerath.

New Chance Demonstration

A test of a comprehensive program of services that seeks to improve the economic status and general well-being of a group of highly disadvantaged young women and their children.

New Chance: Final Report on a Comprehensive Program for Young Mothers in Poverty and Their Children. 1997. Janet Quint, Johannes Bos, Denise Polit.

Parenting Behavior in a Sample of Young Mothers in Poverty: Results of the New Chance Observational Study. 1998. Martha Zaslow, Carolyn Eldred, editors.

Center for Employment Training Replication

This study is testing whether the successful results for youth of a training program developed in San Jose can be replicated in 12 other sites around the country.

Focusing on Fathers

Parents' Fair Share Demonstration

A demonstration for unemployed noncustodial parents (usually fathers) of children on welfare. PFS aims to improve the men's employment and earnings, reduce child poverty by increasing child support payments, and assist the fathers in playing a broader constructive role in their children's lives.

Fathers' Fair Share: Helping Poor Men Manage Child Support and Fatherhood (Russell Sage Foundation). 1999. Earl Johnson, Ann Levine, Fred Doolittle.

Parenting and Providing: The Impact of Parents' Fair Share on Paternal Involvement. 2000. Virginia Knox, Cindy Redcross.

Working and Earning: The Impact of Parents' Fair Share on Low-Income Fathers' Employment. 2000. John M. Martinez, Cynthia Miller.

The Responsible Fatherhood Curriculum. 2000. Eileen Hayes, with Kay Sherwood.

The Challenge of Helping Low-Income Fathers Support Their Children: Final Lessons from Parents' Fair Share. 2001. Cynthia Miller, Virginia Knox

Career Advancement and Wage Progression

Opening Doors to Earning Credentials

An exploration of strategies for increasing low-wage workers' access to and completion of community college programs.

Opening Doors: Expanding Educational Opportunities for Low-Income Workers. 2001. Susan Golonka, Lisa Matus-Grossman.

Welfare Reform and Community Colleges: A Policy and Research Context. 2002. Thomas Brock, Lisa Matus-Grossman, Gayle Hamilton.

Opening Doors: Students' Perspectives on Juggling Work, Family, and College. 2002. Lisa Matus-Grossman, Susan Gooden.

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Employment and Community Initiatives

Jobs-Plus Initiative

A multisite effort to greatly increase employment among public housing residents.

Mobilizing Public Housing Communities for Work: Origins and Early Accomplishments of the Jobs-Plus Demonstration. 1999. James Riccio.

Building a Convincing Test of a Public Housing Employment Program Using Non-Experimental Methods: Planning for the Jobs-Plus Demonstration. 1999. Howard Bloom.

Jobs-Plus Site-by-Site: An Early Look at Program Implementation. 2000. Edited by Susan Philipson Bloom with Susan Blank.

Building New Partnerships for Employment: Collaboration Among Agencies and Public Housing Residents in the Jobs-Plus Demonstration. 2001. Linda Kato, James Riccio.

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The Special Challenges of Offering Employment Programs in Culturally Diverse Communities: The Jobs-Plus Experience in Public Housing Developments. 2002. Linda Kato.

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Children in Public Housing Developments: An Examination of the Children at the Beginning of the Jobs-Plus Demonstration. 2002. Pamela Morris, Stephanie Jones.

Jobs-Plus Site-by-Site: Key Features of Mature Employment Programs in Seven Public Housing Communities. 2003. Linda Kato.

Neighborhood Jobs Initiative

An initiative to increase employment in a number of low-income communities.

The Neighborhood Jobs Initiative: An Early Report on the Vision and Challenges of Bringing an Employment Focus to a Community-Building Initiative. 2001. Frieda Molina, Laura Nelson.

Structures of Opportunity: Developing the Neighborhood Jobs Initiative in Fort Worth, Texas. 2002. Tony Proscio.

Connections to Work Project

A study of local efforts to increase competition in the choice of providers of employment services for welfare recipients and other low-income populations. The project also provides assistance to cutting-edge local initiatives aimed at helping such people access and secure jobs.

Designing and Administering a Wage-Paying Community Service Employment Program Under TANF: Some Considerations and Choices. 1999. Kay Sherwood.

San Francisco Works: Toward an Employer-Led Approach to Welfare Reform and Workforce Development. 2000. Steven Bliss.

Canada's Earnings Supplement Project

A test of an innovative financial incentive intended to expedite the reemployment of displaced workers and encourage full-year work by seasonal or part-year workers, thereby also reducing receipt of unemployment insurance.

Testing a Re-Employment Incentive for Displaced Workers: The Earnings Supplement Project. 1999. Howard Bloom, Saul Schwartz, Susanna Lui-Gurr, Suk-Won Lee.

About MDRC

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit, nonpartisan social policy research organization. We are dedicated to learning what works to improve the well-being of low-income people. Through our research and the active communication of our findings, we seek to enhance the effectiveness of social policies and programs. MDRC was founded in 1974 and is located in New York City and Oakland, California.

MDRC's current projects focus on welfare and economic security, education, and employment and community initiatives. Complementing our evaluations of a wide range of welfare reforms are new studies of supports for the working poor and emerging analyses of how programs affect children's development and their families' well-being. In the field of education, we are testing reforms aimed at improving the performance of public schools, especially in urban areas. Finally, our community projects are using innovative approaches to increase employment in low-income neighborhoods.

Our projects are a mix of demonstrations — field tests of promising program models — and evaluations of government and community initiatives, and we employ a wide range of methods to determine a program's effects, including large-scale studies, surveys, case studies, and ethnographies of individuals and families. We share the findings and lessons from our work — including best practices for program operators — with a broad audience within the policy and practitioner community, as well as the general public and the media.

Over the past quarter century, MDRC has worked in almost every state, all of the nation's largest cities, and Canada. We conduct our projects in partnership with state and local governments, the federal government, public school systems, community organizations, and numerous private philanthropies.

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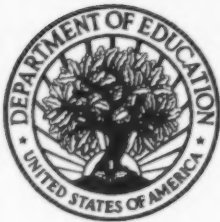
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